



## Press Release

### Santpuria Alloys Private Limited (SAPL)

July 01, 2024

#### Ratings:

Instrument / Facility	Amount (INR Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	13.65	IVR BBB+/Negative; ISSUER NOT COOPERATING *	IVR A-/Stable	Rating downgraded, outlook changed to Negative and moved to ISSUER NOT COOPERATING CATEGORY*	<a href="#">Simple</a>
Short Term Bank Facilities	8.00	IVR A2; ISSUER NOT COOPERATING *	IVR A2+	Rating downgraded and moved to ISSUER NOT COOPERATING CATEGORY*	<a href="#">Simple</a>
<b>Total</b>	<b>Rs. 21.65 crore (Rupees Twenty One crore and Sixty Five lakh only)</b>				

*\*Issuer did not cooperate; based on best available information*

#### Details of Facility are in Annexure 1

##### Detailed Rationale

Infomerics has downgraded the ratings of SAPL, outlook changed to Negative and moved to issuer not cooperating category due to lack of adequate information available, non-payment of annual surveillance fees and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity.



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### **Non-cooperation by Issuer**

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide mail communications May 3, 2024, May 29, 2024 and June 12, 2024, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted some of the essential details.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the ratings for the bank facilities of SAPL aggregating Rs.21.65 crore has been downgraded the rating, outlook changed to negative and moved to 'ISSUER NOT COOPERATING' category at IVR BBB+/Negative; ISSUER NOT COOPERATING category by Infomerics.

**Analytical Approach:** Consolidated

### **Applicable Criteria:**

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Rating Methodology for Manufacturing Companies](#)

[Criteria of Rating Outlook](#)

[Policy of default recognition](#)

[Consolidation of Companies](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **About the Company**

SAPL was incorporated in 2004, to provide backward integration for MSL. SAPL is mainly engaged in the manufacture of sponge iron from iron pellets. SAPL employs a kiln to melt the iron ore / pellets to manufacture sponge iron. Around 97% of production is consumed by MSL in its manufacturing process. MSL had set up a cold rolling mill in 1995, by Mr. Gunwant Singh Mongia under the name Mongia Hi-Tech Private Ltd. which was later renamed to Mongia Steel Ltd (MSL). Mr. Gunwant Singh Mongia is the senior most promoter of MSL with around 37 years of experience in the iron and steel industry. He along with his and wife, Mrs. Trilochan Kaur and his son, Mr. Harinder Singh Mongia constitute the Board. MSL has an induction



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furnace and rolling mill. The company is engaged in the manufacturing of TMT bars, Billets, Mild Steel (MS) tube, MS profile, MS guide channel, MS angle, springs, pipes, etc. The plants of both MSL and SAPL are situated in Giridih District in the state of Jharkhand. The overall capacity of the plant of MSL is 150000 metric tonnes, while that of SAPL is 60000 metric tonnes. The principal product of MSL is Thermo Mechanically Treated (TMT) bars. The company sells the TMT bars under the brand name “Mongia Steel ES Power”. The strategy paid off in the long run as they were able to establish their brand and even command a premium over the others. The brand is a market leader in Bihar and Jharkhand. Apart from these two states, the brand has a presence in Uttar Pradesh, Orissa, West Bengal and in some of the North eastern states.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	98.38	186.52
EBITDA	8.13	11.94
PAT	3.04	5.62
Total Debt	16.35	16.96
Tangible Net Worth	33.20	38.80
EBITDA Margin (%)	8.26	6.40
PAT Margin (%)	3.09	3.01
Overall Gearing Ratio (x)	0.49	0.44
Interest Coverage (x)	5.39	6.82

\*Classification as per Infomerics' standards

### Financials (Consolidated):

For the year ended/ As on*	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	468.89	637.45
EBITDA	38.54	55.06
PAT	19.25	25.87
Total Debt	73.59	88.36
Tangible Net Worth	116.33	142.16
EBITDA Margin (%)	8.22	8.64



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PAT Margin (%)	4.10	4.06
Overall Gearing Ratio (x)	0.63	0.62
Interest Coverage (x)	4.90	7.38

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**

**Rating History for last three years:**

S. No	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (May 19, 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22 (February 23, 2022)
1.	Cash Credit	Long Term	10.00	IVR BBB+/Negative; ISSUER NOT COOPERATING *	IVR A-/Stable	--	IVR A-/Stable
2.	Standby Line of Credit	Long Term	1.50	IVR BBB+/Negative; ISSUER NOT COOPERATING *	IVR A-/Stable	--	IVR A-/Stable
3.	Term Loan	Long Term	1.21	IVR BBB+/Negative; ISSUER NOT COOPERATING *	IVR A-/Stable	--	IVR A-/Stable
4.	GECL	Long Term	0.94	IVR BBB+/Negative; ISSUER NOT COOPERATING *	IVR A-/Stable	--	IVR A-/Stable
5.	Bank Guarantee	Short Term	2.00	IVR A2; ISSUER NOT COOPERATING*	IVR A2+	--	IVR A2+
6.	Letter of Credit	Short Term	6.00	IVR A2; ISSUER NOT COOPERATING*	IVR A2+	--	IVR A2+

\*Issuer did not cooperate; based on best available information



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### Name and Contact Details of the Rating Analyst:

Name: Amey Joshi  
Tel: (022) 62396023  
Email: [amey.joshi@infomerics.com](mailto:amey.joshi@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



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### Annexure 1: Details of Instruments / Facilities

Name of Instruments / Facilities	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	10.00	IVR BBB+/Negative; ISSUER NOT COOPERATING *
Standby Line of Credit	-	-	-	1.50	IVR BBB+/Negative; ISSUER NOT COOPERATING *
Term Loan	-	-	March, 2026	1.21	IVR BBB+/Negative; ISSUER NOT COOPERATING *
GECL	-	-	March, 2024	0.94	IVR BBB+/Negative; ISSUER NOT COOPERATING *
Bank Guarantee	-	-	-	2.00	IVR A2; ISSUER NOT COOPERATING *
Letter of Credit	-	-	-	6.00	IVR A2; ISSUER NOT COOPERATING *

\* Issuer did not cooperate; based on best available information

### Annexure 2: List of companies considered for consolidated analysis:

Name of the company	Consolidated Approach
Santpuria Alloys Private Limited	Full Consolidation
Mongia Steel Limited	Full Consolidation

### Annexure 3: Facility wise lender details: Not Available

### Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).