



October 4, 2010

## ICRA assigns LBB- and A4 ratings to bank facilities of Maharashtra Steel Private Limited

ICRA has assigned a LBB- (pronounced as L double B minus) rating to the Rs. 100.0 million fund based limits of Maharashtra Steels Private Limited (MSPL)<sup>†</sup>. The outlook on the long term rating is stable. ICRA has also assigned an A4 (pronounced as A four) rating to Rs. 350.0 million non fund based bank limits of MSPL<sup>†</sup>.

The assigned ratings reflects MSPL's stretched financial position characterized by poor coverage indicators and cash accruals, thin net profit margins owing to low conversion charges and limited operational history. Also, given its dependence on Maharashtra Steels Rolling Mills Pvt. Ltd. (MSRMPL), the company's capacity utilization has been low, and it is only recently that it has diversified into own manufacturing and direct sales. The ratings however favorably factor in the long experience of the promoter group in the industry, minimal price and inventory risk for job work being done on conversion basis for MSRMPL, established client profile and accreditation with Power Grid Corporation of India Limited (PGCIL).

### Company Profile

MSPL was incorporated in the year 2003 by Mr. Janki Prasad Shah, a management graduate and Mrs. Ritu Shah and started commercial production only in February 2007. The company is presently engaged in job work/conversion for Maharashtra Steels Rolling Mills Pvt. Ltd., a group company as also direct sales of structural items required for Transmission Line Tower (TLT) in order to fully exploit the company's manufacturing capacity.

During 2008-09, MSPL reported a net profit of Rs. 5.3 million on net sales of Rs. 501.6 million.

*For further details please contact:*

Analyst Contacts:

**Mr. Jayanta Roy**, (Tel. No. +91-33-22876617 / 22800008)  
jayanta@icraindia.com

Relationship Contacts:

**Mr. L Shivkumar**, (Tel. No. +91-22-30470000)  
shivakumar@icraindia.com

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

## PRESS RELEASE

**Disclaimer:** ICRA Ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Ratings are subject to a process of surveillance, which may lead to revision in ratings. Please visit our website ([www.icra.in](http://www.icra.in)) or contact any ICRA office for the latest information on ICRA Ratings outstanding.