



M. M. Ceramics & Ferro Alloys

Instrument	Amount (Rs. Crore)	Rating Action
Long-term, fund-based facilities	26.00 (revised from 27.00)	Revised to [ICRA]BB+ (Stable)
Short-term, non-fund-based facilities	50.00 (revised from 51.00)	Revised to [ICRA]A4+
Short-term, non-fund-based facilities *	(10.00)	Revised to [ICRA]A4+
Short-term, unallocated bank limits	2.00	[ICRA]A4+ assigned

* Interchangeable with fund-based limits of Rs. 10.00 crore (part of the long term, fund-based limits rated above) sanctioned by Citi Bank

The long-term rating on the Rs. 26.00 crore¹ (revised from Rs. 27.00 crore) long-term, fund based limits of M. M. Ceramics & Ferro Alloys ('MMCFA' or 'the company')[†] has been revised to [ICRA]BB+ (pronounced ICRA double B plus) from [ICRA]BBB- (pronounced ICRA triple B minus). The short-term rating on the Rs. 50.00 crore short-term, non-fund based limits* of the company has also been revised to [ICRA]A4+ (pronounced ICRA A four plus) from A3 (pronounced A three). A short-term rating of [ICRA]A4+ (pronounced ICRA A four plus) has been assigned to Rs. 2.00 crore short-term, unallocated bank limits of the company. The outlook on the long-term rating is stable.

The revision in the ratings takes into account deterioration in financial risk profile of the company marked by stretched working capital, reduction in margins and weak debt coverage indicators. The ratings take into account the experience of the promoters in trading of ferrous and non-ferrous scrap and metals for nearly four decades, established relationship with the reputed clients and suppliers, moderately diversified customer base with top ten customers accounting for ~25% of total sales, healthy growth in revenues over years, and the absence of any major debt funded capital expenditure. The ratings, however, are constrained by the intense competition in the metal trading business, cyclicity inherent in metal industry which is expected to keep company's cash flows volatile, susceptibility of revenues to volatility in steel prices, and susceptibility of margins to foreign exchange fluctuations.

Company Profile

M.M. Ceramics & Ferro Alloys, established in 2002 as a partnership firm by the Mehta family of MTC Group, is a trading house for ferro alloys, bulk and noble alloys, minor and base metals and other raw materials required for the steel industry. MTC Group commenced trading in metal scrap and metals in 1972 under Mehta Trading Corporation, a proprietorship firm of Mr. Maganlal Mehta, the founder of the group. Mr. Maganlal Mehta and his sons – Mr. Narendra Mehta, Mr. Sanjay Mehta and Mr. Manoj Mehta – are equal partners in MMCFA.

MMCFA trades in Nickel, Ferro Silicon, Magnesium, Manganese, Molybdenum, Vanadium, Zinc scrap, Stainless steel scrap, and many more metals and alloys. MMCFA buys products from manufacturers around the world and markets them directly to large steel, alloys steel and stainless steel plants in India. The firm operates from Mumbai, Ahmedabad, Delhi, Chennai, Haryana, Bhilai and Bangalore, and has a warehouse in Kalamboli, near Mumbai.

¹100 lakh = 1 crore = 10 million

[†]For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications

*The rating on Rs. 10.00 crore short term, non-fund-based limits interchangeable with fund-based limits of Rs. 10.00 crore – part of the long term, fund-based limits rated – sanctioned by Citi Bank has also been revised to [ICRA]A4+



Recent Results

MMCFA reported a net profit of Rs. 0.81 crore on an operating income of Rs. 295.16 crore in FY2012 as against a net profit of Rs. 2.69 crore on an operating income of Rs. 289.29 crore in FY2011.

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