



Maa Tarini Industries Limited

Rating History

Instrument	Amount Rated	Amount Outstanding As on March 31, 2010	Rating	
	In Rs. Crore	In Rs. Crore	As in February 2011	As in September 2009
Fund Based Limits – Term Loan	6.00	2.30	LBB (Stable)	LBB
Fund Based Limits – Cash Credit	8.00	2.64	LBB (Stable)	LBB

ICRA has re-affirmed the LBB (pronounced L double B) rating to the Rs. 6.0 crore¹ (reduced from Rs. 20.0 crore earlier) term loan and Rs. 8.0 crore cash credit limits of Maa Tarini Industries Limited (MTIL)[†]. The outlook on the long term rating is Stable.

The rating takes into consideration the track record of MTIL's promoters in the manufacturing of sponge iron and the unit's proximity to raw material sources, which has a positive effect on the company's cost of production due to lower freight costs. The rating also takes into consideration MTIL's increasing operating margin and favourable capital structure at present, leading to comfortable level of coverage indicators. ICRA also takes note of the successful commissioning of another sponge iron kiln recently which, going forward, is expected to strengthen the company's operating profile. The rating, however, takes into account the cyclical nature inherent in the steel business, which makes margins and cash flows volatile to fluctuations in prices. Such risk is further accentuated by MTIL's small scale of operations, moderate capacity utilization levels and limited value addition in the existing stand-alone sponge iron facility.

Company Profile

MTIL was incorporated in August, 2000 and started commercial production in August, 2001. It has sponge iron and ingot manufacturing facilities of 54,000 tonne per annum (TPA) and 21,000 TPA respectively in the Sundargarh district of Orissa. However, the ingot manufacturing facility of MTIL has been given on rent to a third party since January 2008.

Recent Results

During 2009-10, MTIL reported a net profit of Rs. 1.09 crore on net sales of Rs. 16.80 crore. During the first seven months (April 2010 to October 2010) of 2010-11, the company posted a profit before tax of Rs. 0.54 crore on net sales of Rs. 13.66 crore (provisional).

February, 2011

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

¹ 100 lakh = 1 crore = 10 million



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