

July 26, 2019

Mahamaya Steel Industries Limited: Rating continues to remain in Non Cooperating category

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based Limits – Term Loan	6.50	6.50	[ICRA]BB (Stable) ISSUER NOT COOPERATING*; Rating continues to remain in the 'Issuer Not Cooperating' category
Fund Based Limits – Cash Credit	30.00	30.00	[ICRA]BB (Stable) ISSUER NOT COOPERATING*; Rating continues to remain in the 'Issuer Not Cooperating' category
Non Fund Based Limits – Letter of Credit/ Bank Guarantee	36.00	36.00	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating continues to remain in the 'Issuer Not Cooperating' category
Untied Limits	10.50	10.50	[ICRA]BB (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING*; Ratings continue to remain in the 'Issuer Not Cooperating' category
Total	83.00	83.00	

* Issuer did not co-operate; based on best available information

[^]Instrument details are provided in Annexure-1

Rationale

The rating for the Rs. 83.00 crore bank facilities of Mahamaya Steel Industries Limited (MSIL) continues to remain in the 'Issuer Not Cooperating' category. The ratings are denoted as “[ICRA]BB (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING”.

The ratings are based on limited information on the entity's performance since the time it was last rated in January 2018. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using these ratings as the ratings may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Mahamaya Steel Industries Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

Analytical approach

ICRA has applied its rating methodologies/policies as indicated below:

Links to applicable criteria

[Corporate Credit Rating Methodology](#)

[Entities in the Ferrous Metals Industry](#)

[Policy in respect of non-cooperation by the rated entity](#)

About the company

Mahamaya Steel Industries Limited (MSIL) was incorporated in May, 1988, by Mr. Ramanand Agrawal as the flagship company of the Raipur-based Mahamaya Group. The company was later reconstituted as a public limited company in August, 1990. Located at Raipur (Chhattisgarh), MSIL has production facilities for billets/blooms and structural steel products with annual production capacities of 200,000 metric tonne (MT) and 255,000 MT, respectively. Additionally, the company has a gas plant with an annual production capacity of 900,000 cubic metre (CuM). It supplies oxygen and nitrogen cylinders to external customers and also uses them for its captive consumption. MSIL produces heavy and light steel structural products such as beams, channels and girders, which are primarily used for heavy construction. Its products are sold under the brand name “MAHAMAYA”.

The previous detailed rating rationale is available on the following link: [Click Here](#)

Key financial indicators (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	296.94	465.17
PAT (Rs. crore)	2.53	6.10
OPBDIT/ OI (%)	7.06%	4.86%
RoCE (%)	9.49%	10.82%
Total Debt/ TNW (times)	0.85	0.72
Total Debt/ OPBDIT (times)	3.46	2.91
Interest Coverage (times)	1.81	2.02

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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