Maa Mahamaya Industries Limited

November 22, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	160.00	IVR BBB/Positive **(IVR Triple B with Positive outlook)**	IVR BBB/Positive **(IVR Triple B with Positive outlook)**	Reaffirmed	Simple
Short Term Facilities	7.32	IVR A3+ **(IVR A Three Plus)**	IVR A3+ **(IVR A Three Plus)**	Reaffirmed	Simple
Total Bank Facilities	**167.32 (Rupees One hundred sixty-seven crore and thirty-two lakhs only)**				
Non – Convertible Debentures	-	Withdrawn	IVR BBB/Positive **(IVR Triple B with Positive outlook)**	Withdrawn	Simple

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has withdrawn the outstanding ratings of 'IVR BBB/Positive (IVR Triple B with Positive outlook) assigned to the un-listed NCDs of Maa Mahamaya Industries Limited (MMIL) with immediate effect. The above action has been taken at the request of MMIL and 'No Due Certificate' received from its Debenture Trustee, (Vistra ITCL (India) Limited), confirming that the NCDs were fully redeemed. The rating is withdrawn in accordance with Infomerics' policy on withdrawal.

Infomerics Ratings has reaffirmed its rating to the Bank facilities of MMIL. The ratings continue to derive strength from experienced promotors, established market presence, improvement in profitability albeit moderation in revenue and comfortable financial risk. However, the ratings are constrained by intense competition from the unorganized sector, geographical concentration risk, project execution risk and cyclicality in the steel industry.

The outlook is positive in view of expected improvement in financial performance upon various measures taken up by MMIL for optimising input costs and financial cost.

Key Rating Sensitivities:

Upward Factors

- Substantial increase in its revenues and improve its liquidity position while maintaining healthy profit margins.
- Significant improvement in debt protection parameters and liquidity position of the company

Downward Factors

- Any decline in operating income and/or profitability leading to deterioration in overall financial risk profile of the company
- Any large debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters

The promoter of MMIL, Mr. Ashok Kumar Agarwal, is first generation entrepreneur and is currently supported by his two sons Mr. Anunay Aggarwal and Mr. Nilesh Aggarwal. The promoters have experience of over two decades in the steel industry. This has given them an understanding of the dynamics of the market and industry cycles and has enabled them to establish relationships with suppliers and customers. He is ably assisted by a team of well-qualified and experienced professionals.

Established market presence

MMIL's presence in the industry has enabled it to garner customer confidence over the decades thereby, establishing its brand in the name of 'Mangal TMT in the state of Andhra Pradesh. The company sells its products through the wide network of dealers spread across various states.

Improvement in profitability albeit moderation in revenue

In FY24(1st April 2023 to 31st March 2024), the total operating income decreased to Rs. 611.39 crore from Rs. 697.84 crore in FY23(1st April 2022 to 31st March 2023), primarily due to lower metal and coal prices. Despite a decrease in price realization per metric ton, the company increased its sales volume and market share in Andra Pradesh. The sales volume of TMT

Bars increased from 97,219 MT in FY23 to 1,04,531 MT in FY24. This resulted in a rise in EBITDA from Rs. 61.22 crore in FY23 to Rs. 82.42 crore in FY24, and PAT increased from Rs. 35.20 crore in FY23 to Rs. 57.89 crore in FY24. Operating margins improved significantly, reaching 13.48% in FY24 compared to 8.77% in FY23, which also led to an increase in PAT margin from 5.04% in FY23 to 9.48% to FY24.

Comfortable financial risk profile

The company's financial risk profile is above average marked by healthy net worth, low gearing and moderate debt protection metrics. The tangible net worth of the company improved to Rs. 132.49 crore as on March 31, 2024, from Rs.74.59 crore as on March 31, 2023, on account of ploughing back of profits. Overall Gearing of the company stood comfortable at 0.74 times as on March 31, 2023, and continued remain below unity at 0.46 times as on March 31, 2024, due to limited reliance on external debt. Total outside Liabilities/Adjusted Tangible Net Worth (TOL/ATNW) improved to 0.79 times as on March 31, 2024, as against 1.49 times as on March 31, 2023. The moderate debt protection metrics of the company is marked by improved Interest Coverage Ratio (ICR) at 5.25 times in FY24 as against 3.57 times in FY23 on the back of lower interest expense in FY24; and Debt Service Coverage Ratio (DSCR) at 1.99 times in FY24 improved from 1.21 times in FY23.

Key Rating Weaknesses

Geographical concentration risks

Presently the company is majorly selling in Andra Pradesh state making it vulnerable to any adverse changes in the political environment or policy matters of the state that would affect the business of the concerned state.

Intense competition from the unorganized sector and cyclicality in the steel industry

The Indian steel industry is characterized by high degree of fragmentation due to the presence of the large numbers of unorganized players. Further, the low level of product differentiation in the downstream steel segment further intensifies the competition, leading to lower bargaining power vis-à-vis the customers. Furthermore, the industry is highly cyclical in nature resulting in fluctuating revenue and profitability.

Project Execution Risk

In FY24-25, MMIL has started its capacity expansion project to increase capacity of Rolling mills, Steel Melting Shop, Sponge Iron Division and Power plant. The cost is estimated at Rs. 206.11 crore which is proposed to be financed by debt of Rs. 135.00 crore, promotor contribution of Rs. 18.00 crore and the rest by internal accruals. The debt has been tied up. The project is proposed to be completed by October 2026. Timely completion of the project within envisaged cost will be important. The company is expecting optimisation of input cost by way of saving in power cost. The utilities and support infrastructure are already in place for increased capacity. Going forward the company's ability to generate revenues from the said project as envisaged will also be key monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.]
[Financial Ratios & Interpretation (Non-Financial Sector).]
[Criteria for assigning Rating outlook.]
[Policy on Withdrawal of Rating]
[Policy on Default Recognition]
[Complexity Level of Rated Instruments/Facilities]

Liquidity –Adequate

MMIL has a current ratio of 1.41x as on 31st March 2024 and an average cash credit utilization of ~84% for 12 months ended September 2024, reflecting a comfortable liquidity position. The liquidity position of the company is further supported by sufficient accruals in tune of Rs 67.36 crore as against a debt repayment obligation of Rs 37.39 crore in FY24. The DSCR stood comfortably at 1.99x in FY24 indicating comfortable liquidity position of the entity in meeting its debt obligations. Thus, the overall liquidity position of the company remained Adequate.

About the Company

Maa Mahamaya Industries Limited (MMIL) was incorporated in the year 2003 by Mr. Ashok Kumar Agrawal & Ms. Anita Agrawal. MMIL is an integrated steel manufacturer based out of Vizianagaram District, near to Visakhapatnam with an installed capacity of Rolling mills – TMT bars – 121,250 MT, Steel Melting Shop – Billet - 134,400 MT and Sponge Iron Division -

130,065 MT. The company also has a captive power plant – 25 MW. The company sells the TMT bars under the brand name 'MANGAL TMT' which has well-established brand presence in the market.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	697.84	611.39
EBITDA	61.22	82.42
PAT	35.20	57.89
Total Debt	88.98	81.10
Tangible Net Worth	74.59	132.49
EBITDA Margin (%)	8.77	13.48
PAT Margin (%)	5.04	9.48
Overall Gearing Ratio (x)	0.74	0.46
Interest Coverage (x)	3.57	5.25

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (2024-25)				Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in in 2021-22
					November 07,2024	November 07,2023		
1.	Long Term Bank Facilities	Long Term	160.00	IVR BBB/ Positive	IVR BBB/ Positive	IVR BBB/Stable	-	-
2.	Short Term Bank Facilities	Short Term	7.32	IVR A3+	IVR A3+	IVR A3+	-	-
3.	Non – Convertible Debentures	Long Term	-	Withdrawn	IVR BBB/ Positive	IVR BBB/Stable	-	-

Press Release

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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 and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	25.00	IVR BBB/ Positive
Term Loan	-	-	-	April 2030	135.00	IVR BBB/ Positive
Bank Guarantee	-	-	-	-	7.32	IVR A3+
Non - Convertible Debentures	INE898P 07022	August 29, 2022	16.50	-	85.00	Withdrawn
Non - Convertible Debentures	INE898P 07030	August 30, 2023	14.65	-	10.00	Withdrawn
Non - Convertible Debentures	INE898P 07030	December 10,2023	14.65	-	10.00	Withdrawn

Synopsis of the Term Sheet - Amount: INR 85.00 crores

Issuer	MAA MAHAMAYA INDUSTRIES LIMITED
ISIN number	INE898P07022
Seniority	16.50% Secured Unrated Unlisted Redeemable Non-Convertible Debentures
Issue Size	Up to INR 850.0 mn in the form of Non-Convertible Debentures ("NCD") • Tranche 1: Up to INR 800.0 mn. • Tranche 2: Up to INR 50.0 mn

Synopsis of the Term Sheet - Amount: INR 20.00 crores

Issuer	MAA MAHAMAYA INDUSTRIES LIMITED
ISIN number	INE898P07030
Seniority	14.65% Secured Unrated Unlisted Redeemable Non-Convertible Debenture
Issue Size	Up to INR 200.0 mn in the form of Non-Convertible Debentures ("NCD") • Tranche 1: Up to INR 100.0 mn. • Tranche 2: Up to INR 100.0 mn

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/len-MaaMahamaya-nov24.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: 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.