

Maamahamaya Ispat & Alloys Private Limited

February 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	97.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

While arriving at the rating of Maamahamaya Ispat & Alloys Private Limited (MIAPL), CARE has taken a combined view of MIAPL and Maa Mahamaya Alloys Private Limited (MMAPL), as the two companies (together referred to as 'Group') have common promoters with common management, similar line of business and operational and financial linkages.

The ratings assigned to the bank facilities of Maamahamaya Ispat & Alloys Private Limited factor in the stretched liquidity position of the group as reflected by high working capital utilisation resulting from increasing working capital requirements to support the growth in scale of operations. The ratings are further constrained because of the low profitability margins of the company owing to limited value addition, customer concentration risk and intensive competition in the industry coupled with raw material price risk and inherent cyclical nature of the Steel Industry. The ratings also take into consideration moderate capital structure of the group the additional term debt availed during FY24 (refers to April 01, 2023, to March 31, 2024) for setting up of a new plant under MIAPL. However, the ratings derive strength from growing scale of operations along with a moderate debt coverage indicator of the company and the experience and resourcefulness of the promoters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the total operating income (TOI) beyond Rs.1500 crores along with PBILDT margins above 3% on a sustained basis
- Improvement in the capital structure of the group as reflected by Total Debt/ Gross Cash Accruals (GCA) of less than 5x on a sustained basis

Negative factors

- Decline in the total operating income below Rs.1000cr with PBILDT margin of less than 1.25% on a sustained basis
- Elongation in working capital cycle beyond 40 days on sustained basis

Analytical approach: Combined, the financial and business risk profiles of Maa Mahamaya Alloys Private Limited and Maamahamaya Ispat and Alloys Private Limited have been combined as the two companies (together referred to as 'Group') are in the same line of business, have operational and financial linkages, have common promoters and a common management team.

Outlook: Stable

CARE Ratings believes that the entity shall benefit from the experience of its promoters and maintain its moderate financial risk profile over medium term.

Detailed description of key rating drivers:

Key weaknesses

Low profitability margins albeit Growing scale of operations

The TOI of the group has grown by a CAGR of approximately 22% for the last five financial years ending FY24 and stood at Rs.1389.93 crores as on March 31, 2024. Further, the group has a topline of Rs. 1177.48 crores as on December 31, 2024. Despite the growing scale of operations, the profitability margins of the group have remained on the lower side, hovering around 2-2.30% range. The company manufactures under the brand name of "Kamdhenu" and hence has to pay a certain amount of royalty to Kamdhenu Limited, which impacts the profitability margins of the group.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Customer Concentration risk

The group is exposed to customer concentration risk, as both the companies caters mainly to distributors and traders. Top five customers contributed close to 91% of the group's TOI in FY24, with Harshit Traders alone accounting for 56% of the total sales amount for FY24. Any adverse changes in procurement levels of these customers may impact the group's revenue.

Raw material price risk

The steel industry is sensitive to the shifting business cycles including changes in the general economy and seasonal changes in the demand and supply conditions in the market. The basic raw materials such as sponge iron, pig iron and scrap which are sourced from the market and the prices of the same are volatile in nature. The major part of raw material consumed by the group is procured from domestic suppliers. Prices of scrap are generally volatile in nature.

Cyclicalities inherent in the steel industry

The steel industry moves closely with the business cycles including growth in the economy and seasonal changes in the demand supply situations in the end-user segments. Majority steel sector players tend to benefit in the upside of the steel cycle as is the current market scenario. The sector has low entry-exit barriers and thus has presence of many unorganised players catering to the local and regional demand. The demand is highly sensitive to the change in prices. Due to cyclicalities in the product prices and the resultant intense competition, margins may remain under pressure.

Key strengths

Moderate financial risk profile

The capital structure remained moderate as represented by overall gearing ratio of 1.17x as on March 31, 2024. The moderation was primarily on account of increase in interest free loans from Uttar Pradesh Financial Corporation (UPFC). The group had undertaken a major capex in FY24 amounting to approximately Rs. 116 crores, to set up the manufacturing plants under Maamahamaya Ispat and Alloys Private Limited, thus resulting in moderation in their financial risk profile. The interest coverage ratio and the total debt to GCA of the of the group stood at 3.25x and 9.02x as on March 31, 2024, due to increase in the total debt of the company.

Moderate operating cycle of the company

Group's working capital cycle remain moderate as reflected by operating cycle of 21 days at the end of FY24, the slight moderation is mainly on account of increase in collection period. The company is required to maintain adequate number of raw materials for smooth running of business operations and adequate inventory of finished goods to meet the demand of customers resulting into average inventory period of around 11 days in FY24. The company offers credit of around a month to its customers and gets around half a month of credit from its suppliers.

Experienced promoters

Mr Kailash Nath Agarwal incorporated MMAPL in 2004 and MIAPL in 2019 along with his brother Mr Bhupendra Agarwal and Mr Krishna Kumar Singh. The group has been into manufacturing of mild steel (M.S) Ingots and entered into manufacturing of Thermo mechanically Treated (TMT) Bars since FY12. Experience of the promoter in the same line of business for more than 2 decades provides comfort in handling the operations of the company. Also, both the companies sell their products directly to the clients all across Uttar Pradesh and Bihar.

Liquidity: Stretched

The maximum working capital utilization for 12 months ending December 2024 touched 99% for certain months for both Maamahamaya Alloys and Ispat Private Limited and Maa Mahamaya Alloys Private Limited, thus limiting the buffer required by the group in case of any exigencies. The operating cycle stood moderate at 21 days as on March 31, 2024.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

[Consolidation](#)
[Notching by Factoring Linkages in Ratings](#)

About the group and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Maa Mahamaya Group is managed by Mr Kailash Nath Agarwal, his brothers Mr Bhupendra Agarwal and Mr Krishna Kumar Singh. The group markets TMT bars under the brand name of Kamdhenu Steel and for the same the company pays royalty to Kamdhenu Ltd.

Brief Financials (₹ crore)- combined	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	1,407.16	1389.93	1177.48
PBILDT	27.79	31.87	41.38
PAT	15.53	15.26	18.00
Overall gearing (times)	0.78	1.17	NA
Interest coverage (times)	5.43	3.25	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

Basis of combination: The numbers have been combined through row-by-row addition of all line items of all the entities mentioned under Analytical approach after adjusting for Inter Party transactions.

About the company

Maamahamaya Ispat & Alloys Private Limited was incorporated in November 2019 by the Agarwal family. The company has its manufacturing facility located Dumduma and Dhahua. The company markets TMT bars under the brand name of Kamdhenu Steel and for the same the company pays royalty to Kamdhenu Ltd.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	0.00	121.71	417.42
PBILDT	-0.01	3.71	16.86
PAT	0.01	0.78	5.84
Overall gearing (times)	5.33	13.37	NA
Interest coverage (times)	-23.40	1.74	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	January 2031	51.00	CARE BB; Stable
Fund-based - LT-Working Capital Limits	-	-	-	-	46.00	CARE BB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Working Capital Limits	LT	46.00	CARE BB; Stable	-	-	-	-
2	Fund-based - LT-Term Loan	LT	51.00	CARE BB; Stable	-	-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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