

OCTOBER 13, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED BANK FACILITIES TO MAITHAN ALLOYS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	174.76 (enhanced from 55.00)	CARE A+ (Single A Plus)	Reaffirmed
Short-term Bank Facilities	315.00 (enhanced from 227.00)	CARE A1+ (A One Plus)	
Total Facilities	489.76 (Rs. Four hundred eighty nine crore and seventy six lakhs only)		

Rating Rationale

The aforesaid ratings assigned to Maithan Alloys Ltd. (MAL) continues to draws comfort from experienced promoters with satisfactory track record, wide geographical presence of the plant, established and reputed clientele, strong presence in the export market and high capacity utilization. The rating also takes into account the improvement in financial performance in FY16 (refers to the period April 01 to March 31) and Q1FY17 in view of merger of 100% wholly owned subsidiary (Anjaney Alloys Ltd) with itself and comfortable capital structure.

The ratings, however, continue to be constrained by susceptibility of profitability to volatility in raw material prices, foreign exchange fluctuation risk, working capital intensive nature of operation and subdued outlook of the ferro alloy industry.

Ability of the company to maintain its scale of operation & operating margin and efficient management of working capital would remain the key rating sensitivities.

Background

Maithan Alloys Limited (MAL), incorporated in 1985, is engaged in the manufacturing of ferro alloys, having an installed capacity of 136 MVA at three locations i.e. 49 MVA at Kalyaneshwari, West Bengal and 15 MVA at Ri-Bhoi, Meghalaya and 72 MVA at Visakhapatnam, Andhra Pradesh. MAL is also engaged in the trading of metal & mineral products and wind power operation. In FY16, revenue from sale of manufacturing operation accounted for 88% of total operating income, followed by trading segment at about 10%.

MAL received the certified copy of Order of the Hon'ble Calcutta High Court on March 31, 2016 approving the Scheme of Amalgamation of its wholly owned subsidiary, Anjaney Alloys Ltd (AAL), with itself w.e.f April 01, 2015.

In FY16, MAL reported PAT of Rs.79.03 crore (Rs.51.53 crore in FY15) on operating income of Rs.1,150.83 crore (Rs.879.70 crore in FY15). In Q1FY17, MAL reported a PAT of Rs.18.28 crore on total operating income of Rs.255.43 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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