



Press Release

Maa Sheetla Ventures Limited

July 01, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	20.00	IVR BB+/Positive (IVR Double B Plus with Positive Outlook)	IVR BB+/Negative ; Issuer not cooperating. (IVR Double B Plus with Negative Outlook; Issuer not cooperating)	Revised Outlook to Positive and removed from INC category	Simple
Proposed Long Term Facilities	2.95	IVR BB+/Positive (IVR Double B Plus with Positive Outlook)	IVR BB+/Negative ; Issuer not cooperating. (IVR Double B Plus with Negative Outlook; Issuer not cooperating)	Revised Outlook to Positive and removed from INC category	Simple
Total	22.95 (RupeeTwenty-two crore and ninety five lakh only)				

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 Ratings has downgraded its rating assigned to the Bank facilities of Maa Sheetla Ventures Limited (MSVL) due to recently undertaken ethanol projects which has impacted solvency indicators as on March 31, 2024 (P). Further the stabilisation risk of the project has also been factored in. The positive outlook is assigned as MSVL can benefit from long-term offtake agreement (LTOA) with BPCL, IOCL, and HPCL for ethanol supply in the near future. MSVL's ability to achieve envisaged turnover and profitability will be important.



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The ratings continue to derive comfort from experienced promoters, buoyant industry outlook for Ethanol and technological tie-ups to manufacture high grade steel products however these rating strengths are partially offset by risk associated by the volatility in raw material prices of steel, intense competition due to lack of product differences in steel industry, cyclicality in steel industry and working capital intensive nature of operations.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics
- Improvement in the capital structure and debt protection metrics.
- Timely completion of project within envisaged cost and stabilisation thereafter.

Downward Factors

- Elongation in the operating cycle
Any dip in operating income and/or profitability impacting the debt coverage

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**
The promoters of MSVL have more than two decades of experience in the iron and steel industry. The day-to-day affairs are looked after by Mr. Navneet Agarwal (Director) and Mr. Tushar Agarwal (Director) and are supported by team of qualified and experienced professionals. The company sells its product under the brand name "Mittal 500 TMT".
- **Buoyant industry outlook for Ethanol**
The ethanol industry is experiencing a buoyant outlook due to several factors, firstly there is a growing emphasis on conserving fossil fuel resources. In January 2013, the Union government launched the Ethanol Blended Petrol (EBP) programme, which made it mandatory for oil companies to raise ethanol blending in petrol to 20% by 2025 from the current ~10%. Additionally, advancements in technology and production



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processes have made ethanol production more efficient and cost-effective. This has led to increased investment in ethanol plants and infrastructure, further driving growth in the industry.

- **Technological Tie-ups to manufacture high grade Steel products**

The company has tied up with Thermax Technology for manufacturing of TMT Steel of SE 500 & SE 500D grades thus making its entry into Infrastructure sectors such as NHAI Projects, Metros and Other High-Rise Buildings for seismic/earthquake zones.

Key Rating Weaknesses

- **Risk associated with volatility in the raw material prices of steel**

. The major raw material used in the production of Billets and TMT Bars is steel scrap. The company does not have any long-term agreement for procurement of steel Scrap. The company procures most of the scrap from the spot market, thus exposing the company to the volatility associated with the raw material price. Further, finished steel prices are also highly volatile and prone to fluctuations based on global demand supply situations and other macro-economic factors.

- **Intense competition due to lack of product differences in steel industry**

The steel manufacturing businesses is characterised by intense competition across the value chain due to low product differentiation, and consequent intense competition, which limits the pricing flexibility of the players.

- **Cyclicality in the steel industry**

The steel industry is highly cyclical in nature and witnessed prolonged periods where it faced a downturn due to excess capacity leading to a downturn in the prices.

- **Working capital intensive nature of operation**

The nature of business of MSVL requires the company to maintain a high level of raw material inventory to ensure uninterrupted production. The working capital cycle though improved but remained elongated and stood at 125 days in FY23 (131 days in FY22).



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity profile of MSVL is expected to remain adequate, as the company is expected to generate sufficient cash to meet its repayment obligation. The liquidity is supported by above unity current ratio and cash balance and bank balance.

About the Company:

MSVL, based in Uttarakhand, erstwhile known as BTC Industries Limited, was incorporated on 21st October 2003. It was promoted by BTC Industries Limited. The company is engaged in manufacturing steel rods mainly for use in the housing sector which are sold through its dealer-distributor network in the rural areas. The company is currently having 4 induction furnaces of 8 tonnes each, with a melting capacity of 350 tonnes in 4 induction furnaces at Rudrapur, Uttarakhand. The company sells its product under the brand name "Mittal 500 TMT". Mittal is their registered brand name.

MSVL is now venturing into setting up of two ethanol plants – one of 300 KLPD located at Kichha in U.S. Nagar, Uttarakhand, and another of 60 KLPD located at Surpur in Nainital, Uttarakhand. The company has undertaken this diversification with a view to reap the benefits of a huge prevailing demand for ethanol as a fuel under the ethanol blending program (EBP) under the aegis of Ministry of Petroleum and Natural Gas (MOP&NG). The Kichha plant is expected to be commissioned in July 2024, whereas the Surpur plant is expected to be commissioned in August 2024. The cost of the projects was Rs 361.6 crore which has been funded through term debt Rs 303 cr and Rs.58.6 through promoters contribution. MSVL has signed a long-term offtake agreement (LTOA) with BPCL, IOCL, and HPCL.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	186.21	203.97
EBITDA	16.89	16.86
PAT	5.31	5.87
Total Debt	104.14	317.62
Tangible Net Worth	51.65	65.84
EBITDA Margin (%)	9.07	8.27
PAT Margin (%)	2.85	2.88
Overall Gearing Ratio (x)	1.64	3.29
Interest Coverage (x)	2.80	3.05

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in FY2023-2024	Date(s) & Rating(s) assigned in FY2022-2023	Date(s) & Rating(s) assigned in FY2021-2022
					Date (April 02, 2024)	Date (March 01, 2023)	Date (October 03, 2022)
1.	Cash Credit	Long Term	20.00	IVR BB+/Positive Outlook	IVR BB+/Negative Outlook/Issuer Not Cooperating	IVR BBB-/Stable Outlook	IVR BBB-/Stable Outlook
2.	Proposed Cash Credit	Long Term	2.95	IVR BB+/Positive Outlook	IVR BB+/Negative Outlook/Issuer Not Cooperating	IVR BBB-/Stable Outlook	IVR BBB-/Stable Outlook



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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.

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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	-	-	-	-	20.00	IVR BB+/Positive Outlook(IVR Double B Plus; Positive Outlook
Proposed Cash Credit	-	-	-	-	2.95	IVR BB+/Positive Outlook(IVR Double B Plus; Positive Outlook

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-MSVL-july24.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.