

June 22, 2010

CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF METALMAN INDUSTRIES LTD.

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	85.00	'CARE BB' (Double B)	Reaffirmed
Short-term Bank Facilities	138.82	'PR4' (PR Four)	Reaffirmed
Total Facilities	223.82		

Rating Rationale

The ratings continue to be constrained by Metalman Industries Ltd.'s (MIL) weak financial risk profile as indicated by low profitability and stressed liquidity which has resulted in few instances of LC devolvement and overdrawings in bank working capital limits in the recent past. MIL's relatively small size of operations in a cyclical and working capital intensive steel industry with significant price volatility, also continue to constrain the ratings. The ratings factor in MIL's established operations and experienced promoters in the steel industry. The company's ability to improve its financial risk profile, through better profitability and improvement in liquidity position, is the key rating sensitivity.

Company Profile

Metalman Industries Ltd. is engaged in processing of Hot Rolled Coil (HRC) to Cold Rolled Coil (CRC) for manufacturing Galvanised Plain and Corrugated Sheets (GP/GC coils/sheets) and in manufacturing of welded steel tubes with installed capacity of 1,20,000 metric tonne per annum as on Dec.31, 2009. The manufacturing facilities of MIL are located in Pithampur and Indore in Madhya Pradesh.

MIL reported total income of Rs.372.95 crore with PAT of Rs.0.16 crore as compared to total income of Rs.370.26 crore with PAT of Rs.6.69 crore. During 9MFY10, MIL registered total income of Rs.300 crore with PAT of Rs.2.72 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

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