



## Press Release

### Maihar Cement Pipe Industries

March 19, 2025

#### Ratings

Security / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	12.14	IVR BB-; Stable (IVR Double B minus with Stable outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	42.85	IVR A4 (IVR A Four)	-	Rating Assigned	Simple
<b>Total</b>	<b>54.99</b> <b>(Rupees Fifty-Four Crore and Ninety-Nine Lakhs Only)</b>				

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

The rating assigned to the bank facilities of Maihar Cement Pipe Industries (MCPI) derives comfort from its experienced proprietor and satisfactory order book. However, these rating strengths are partially offset by its's small scale of operation, moderate capital structure with below average debt protection parameters, presence in a competitive industry with exposure to geographical concentration risk and constitution of the entity as a proprietorship concern. The stable outlook reflects that the firm will continue to benefit from the experienced proprietor and satisfactory revenue visibility marked by healthy order book in near to medium term.

#### Key Rating Sensitivities:

##### Upward Factors

- Increase in scale of operation and profitability supported by timely fulfilment of current orders
- Improvement in the capital structure coupled with improvement in debt coverage indicators
- Improvement in liquidity

##### Downward Factors

- Moderation in the scale of operation and/or moderation in profitability impacting the debt protection metrics.
- Moderation in the capital structure with moderation overall gearing to over 3x



## Press Release

- Moderation in liquidity position

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced proprietor**

Mr. Ramesh Kumar Gupta, proprietor of MCPI, has more than two decades' experience in the construction business. The day-to-day affairs of the entity are looked after by Mr. Ramesh Kumar Gupta, along with his son Mr. Raj Gupta and team of experienced personnel.

- **Healthy order book**

The entity has total unexecuted order in hand of Rs.199.52 crore as on February 2025 which is ~18 times of its FY24 (A) turnover. Healthy order book position reflects near to medium term revenue visibility, however, timely execution of the same would remain a key monitorable.

#### Key Rating Weaknesses

- **Small scale of operation**

The total operating income (TOI) improved from Rs.2.67 crore in FY23(A) to Rs. 10.87 crore in FY24(A) due to higher number of orders executed in FY2024. Moreover, the firm earned an EBITDA margin of ~7% in FY24. Notwithstanding the rise in revenue, the scale of operations of the entity continues to remain small in the construction sector. The firm has booked revenue of Rs.16.73 crore till January 2025. Small scale operation restricts the financial risk profile of the entity.

- **Moderate capital structure with below average debt protection parameters**

The capital structure of the firm remains moderate yet improved marked by long term debt equity ratio of 1.39x as on March 31, 2024, as against long term debt equity ratio of 2.01x as on March 31, 2023. The overall gearing improved from 3.11x as on March 31, 2023, to 2.27x as on March 31, 2024, subsequent to accretion of profits to reserves. Overall indebtedness of the firm as reflected by TOL/ATNW stood satisfactory at 2.57x as on March 31, 2024, improved from 3.36x as on March 31, 2023. On account of the increase in profitability, the debt coverage indicator improved with ICR at 1.02x in FY24(A) [-0.77x in FY23(A)]. Total Debt/NCA improved yet remained high at 31.84x as on March 31, 2024 (80.61x as on March 31, 2023).

- **Competitive industry and exposure to geographic concentration risk**



## Press Release

The civil construction sector is marked by the presence of several mid- to large-sized players. The concern faces intense competition from other players in the sector. MCPI specializes in civil works related to the construction of roads, bridges, buildings, railways and water resources mainly for the government of Madhya Pradesh. This leads the concern exposed to geographical concentration risk. The concern also faces competition from large players as well as many local, small and unorganized players. However, this risk is mitigated to an extent on account of the experience of the management and the entity's well-established presence in its territory.

- **Constitution of the entity as a proprietorship concern entitling discrete risk of capital withdrawal**

Withdrawal of capital by the proprietor for any personal contingency would adversely affect the capital structure of the concern.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Infrastructure Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

### **Liquidity – Adequate**

The liquidity of the entity is expected to remain adequate marked by its expected healthy cash accruals in the range of Rs.4.09 - 7.79 crore as against its debt repayment obligation in the range of Rs.1.26 – 1.82 crore during FY25-27. Further, the average working capital utilisation which stood ~87% during past 12 months ending in October 2024, indicating moderate liquidity buffer.

### **About the Firm**

Incorporated in 2005, Maihar Cement Pipe Industries (MCPI) is a proprietorship concern based on Rewa, Madhya Pradesh. Earlier they engage in manufacturing of RCC Hume pipes. Down the line, MCPI switched from the manufacturing sector to civil construction work in the year 2017, and further they also engaged in coal transportation from FY25 onwards. Mr.



## Press Release

Ramesh Kumar Gupta is the sole proprietor of the entity. Under the EPC mode, they procured and completed multiple projects in Madhya Pradesh.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2.67	10.87
EBITDA	-0.18	0.76
PAT	0.03	0.11
Total Debt	12.23	9.05
Tangible Net Worth	3.94	3.99
EBITDA Margin (%)	-6.58	7.02
PAT Margin (%)	0.93	0.99
Overall Gearing Ratio (x)	3.11	2.27
Interest Coverage (x)	-0.77	1.02

\* 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 (Year 2024-2025)			Rating History for the past 3 years		
		Type	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 2021-22
1.	Term Loan	Long Term	8.64	IVR BB-; Stable	-	-	-
2.	Cash Credit	Long Term	3.50	IVR BB-; Stable	-	-	-
3.	Overdraft	Short Term	5.00	IVR A4	-	-	-
4.	Bank Guarantee	Short Term	23.85	IVR A4	-	-	-
5.	Proposed Bank Guarantee	Short Term	14.00	IVR A4			

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### About Infomerics:



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Infomerics Valuation and Rating Ltd (Infomerics) [Formerly known as Infomerics Valuation and Rating Pvt Ltd] 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.

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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
Term Loan	-	-	-	Nov 2029	8.64	IVR BB-; Stable
Cash Credit	-	-	-	-	3.50	IVR BB-; Stable
Overdraft	-	-	-	-	5.00	IVR A4
Bank Guarantee	-	-	-	-	23.85	IVR A4



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Proposed Bank Guarantee	-	-	-	-	14.00	IVR A4
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**Annexure 2: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Maihar-Cement-19mar25.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](http://www.infomerics.com).

