



## Press Release

### Maruti Ispat and Pipes Private Limited (Erstwhile Maruti Ispat and Energy Private Limited)

July 07, 2025

#### Ratings

| Instrument / Facility                  | Amount<br>(Rs.<br>crore)  | Current<br>Ratings  | Previous<br>Ratings  | Rating Action  | <a href="#">Complexity<br/>Indicator</a> |
|--|---|---|--|--|--|
| Long term Bank<br>Facilities-CC/WCDL   | 195.00<br>(Enhanced<br>from Rs.<br>172.00<br>crore)   | IVR BBB+/ Stable<br>(IVR Triple B<br>Plus with Stable<br>Outlook) | IVR BBB+/ Negative<br>(INC*)<br>(IVR Triple B Plus with<br>Negative Outlook<br>placed under ISSUER<br>NOT<br>COOPERATING*) | Rating reaffirmed,<br>outlook revised to<br>Stable from<br>Negative and<br>removed from<br>ISSUER NOT<br>COOPERATING<br>category | <b>Simple</b>                            |
| Long term Bank<br>Facilities-Term Loan | 140.33<br>(Enhanced<br>from Rs.<br>98.23<br>Crore)  | IVR BBB+/ Stable<br>(IVR Triple B<br>Plus with Stable<br>Outlook) | IVR BBB+/Negative<br>(INC*)<br>(IVR Triple B Plus with<br>Negative Outlook<br>placed under ISSUER<br>NOT<br>COOPERATING*)  | Rating reaffirmed,<br>outlook revised to<br>Stable from<br>Negative and<br>removed from<br>ISSUER NOT<br>COOPERATING<br>category | <b>Simple</b>                            |
| Long term Bank<br>Facilities-GECL      | 8.08<br>(Reduced<br>from Rs.<br>14.94<br>crore)   | IVR BBB+/ Stable<br>(IVR Triple B<br>Plus with Stable<br>Outlook) | IVR BBB+/ Negative<br>(INC*)<br>(IVR Triple B Plus with<br>Negative Outlook<br>placed under ISSUER<br>NOT<br>COOPERATING*) | Rating reaffirmed,<br>outlook revised to<br>Stable from<br>Negative and<br>removed from<br>ISSUER NOT<br>COOPERATING<br>category | <b>Simple</b>                            |
| Short term Bank<br>Facilities- LC      | 12.00   | IVR A2<br>(IVR A Two)   | IVR A2 (INC*)<br>(IVR A Two placed<br>under ISSUER NOT<br>COOPERATING*)  | Rating reaffirmed,<br>removed from<br>ISSUER NOT<br>COOPERATING<br>category  | <b>Simple</b>                            |
| <b>Total</b>                           | <b>355.41<br/>(Rupees<br/>Three<br/>hundred<br/>and fifty-<br/>five crore<br/>and forty-<br/>one lakh<br/>only)</b> |   |  |  |  |



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**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 has reaffirmed the long-term and short-term ratings of Maruti Ispat and Pipes Private Limited (Erstwhile Maruti Ispat and Energy Private Limited) (MIPPL), with revision in outlook from Negative to Stable and removed the ratings from ISSUER NOT COOPERATING category. The rating derives strength from integrated nature of operations translating into improving margins, strengthening market position through capex, improved credit metrics driven by enhanced profitability and established brand name through large marketing network. The rating strengths are however tempered by exposure to fluctuations in raw material prices, fragmented and commoditized market due to intense competition, exposure to cyclicalities in iron and steel industry and increased working capital requirements.

The 'Stable' outlook is based on expectation of steady revenue growth, given the company's strong market position in the ERW pipes in South India. Infomerics also expects an improvement in EBITDA margins post implementation of capex, as the company is likely to become the preferred vendor of railway bogie couplings to the integrated coach factory near Chennai.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained improvement in revenue and profitability leading to improvement in credit profile with overall gearing falling below 1.5x on a sustained basis
- Improvement in working capital cycle leading to sustained positive cash flow from operations.

#### **Downward Factors**

- Sustained decline in revenue and profitability and/or any unplanned debt led capex and/or any deterioration in working capital cycle leading overall gearing remaining above 2.25x



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Integrated nature of operations translating into improving margins**

MIPPL's transition from a single-product manufacturer to an integrated player with a diversified product portfolio has positively impacted its profitability. Until FY21, the company was solely engaged in sponge iron production. It expanded its operations in FY22 by commencing the manufacturing of MS billets, followed by the addition of MS steel pipes and HR coil strips in FY23. Currently, all four product lines are fully operational, with MS pipes contributing the largest share of production. The integrated nature of operations has enhanced operational efficiency, with an average capacity utilisation of ~82% over the past three years. This has contributed to improved profitability, despite a temporary dip in EBITDA margin to 9.77% in FY25 (from 10.53% in FY24) due to pricing pressure on account of imports. Infomerics also notes that on 4<sup>th</sup> November 2024, the Indian government imposed anti-dumping duty (valid for 5 years) on certain categories of ERW pipes.

- **Strengthening market position through capex**

MIPPL is undertaking a capital expenditure of ₹85.67 crore—approximately 47% of its FY25 net worth of ₹183.35 crore—to establish an integrated foundry and machining facility. The facility is expected to serve as a key supplier to the Indian Railways' Integral Coach Factory (ICF) in Perambur, Chennai, benefiting from its proximity to the plant site at Mantralayam. This locational advantage is expected to translate into significant logistics and cost efficiencies for the Railways, strengthening MIPPL's position as a preferred vendor in South India. Additionally, after catering to the requirements of Indian Railways, the surplus capacity is planned to serve high-growth industrial segments such as automobiles, defence, shipbuilding, and aviation.

- **Improved credit metrics driven by enhanced profitability**

MIPPL's credit profile has shown notable improvement in FY25, supported by increased profitability and corresponding accretion to net worth. The overall gearing ratio improved to 1.55x in FY25 from 1.95x in FY24. Similarly, the Total Outside Liabilities to Tangible Net



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Worth (TOL/TNW) ratio improved to 1.91x in FY25, down from 2.39x in the previous year. The improvement in capital structure has been driven by scheduled repayments of term loans accompanied by steady accretions to net worth on account of improved profitability. Change in product profile to more value added ERW pipes from sponge iron has supported the improvement in the EBITDA margins from 8.53% in FY23 to 9.77% in FY25 (with the FY25 margins dipping slightly from 10.53% in FY24 due to pressure from imports). The ERW pipes accounted for bulk (62% in FY25, 58% in FY24) of revenues in last two years. The relatively higher realization in this product segment has supported steady cash accruals in the face of lower prices across all product categories in this period. However, Infomerics notes that with the commencement of MS pipe manufacturing operations in FY24, the company has adopted a dealer-distributor-based sales model which has led to a longer receivables cycle and higher inventory holding, resulting in the elongation of the working capital cycle to 107 days in FY25, compared to 61 days in FY23.

Infomerics also notes that the overall gearing is expected to demonstrate an improvement in the projected period over the 1.55x level as at end FY25, despite the on-going capex of Rs.85.67cr (funded by Rs.60.12cr of term loans) given the expected large accretions to reserves.

- **Established brand name through large marketing network**

MIPPL has a well-established presence in Telangana and markets its MS Pipes under the reputed brand names MS Vayu. Sales network comprises of ~500 dealers who are catered through 50 distributors, enabling it to cater to key markets across Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, Gujarat, and other states.

- **Long track record and experience of promoter in the steel industry**

The company benefits from a strong management team led by Mr. Gopal Agarwal, who brings over 25 years of industry experience, and Mr. Abhishek Agarwal, with more than 10 years of experience in the steel sector. Additionally, the company has a well-established operational track record spanning over five decades, reflecting its sustained presence and credibility in the industry.



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### Key Rating Weaknesses

- **Exposure to fluctuations in raw material prices**

MIPPL's operations remain raw material intensive. Its profitability thus remains vulnerable to the raw material price fluctuations. Further, absence of captive sources of raw materials further exposes it to fluctuations in raw material prices compared to fully integrated players. Although product prices normally reflect changes in the cost of raw materials, there may be short-term discrepancies in the prices of raw materials and finished goods, which could cause margins to fluctuate.

- **Fragmented and commoditized market due to intense competition, exposure to cyclicality in iron and steel industry**

The steel product manufacturing business is characterized by intense competition across the value chain due to low product differentiation, and consequent high competition, which limits the pricing flexibility of the players. Steel prices are volatile as it depends on global prices and sentiments of the product consuming sectors. The domestic iron and steel industry is cyclical in nature and accordingly impacts the realizations and cash flows of the steel players, including MIPPL..

### Analytical Approach: Standalone

### Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria on assigning rating outlook](#)

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

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

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

### **Liquidity – Adequate**

The company's liquidity is adequate marked by ~80% average utilization of fund-based working capital limits (of Rs. 195.00 crore) for last 12 months ended May 2025. It expects moderate cushion in cash accrual. The high cash accruals over next three financial years are





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expected to be driven by improved EBITDA margins on account of operationalisation of the on-going railways project for manufacturing bogie couplings (a high margin product with no supplier currently in South India). The current ratio and quick ratio of the company stood at 1.23x and 0.59x respectively as on March 31, 2025(Prov.). The gross cash accruals are expected to be in the range of ~Rs. 57.00 crore to Rs. 96.00 crore annually over the next three years, against the repayments in the range pf ~Rs. 25.00 crore to Rs. 36.00 crore over the same period, hence will provide moderate cushion to the liquidity of the company.

### **About the Company**

Maruti Ispat & Pipes Pvt. Ltd. (MIPPL) was incorporated in 2007 and is headquartered in Telangana. The company began operations in 2010 with the commissioning of its sponge iron unit in Kurnool, Andhra Pradesh. The company has a sponge iron production capacity of 1,20,000 MT per annum and operates an 8 MW waste heat recovery power plant for captive consumption.

### **Financials (Standalone):**

|                                   | <b>(Rs. crore)</b> |                    |
|-----------------------------------|--------------------|--------------------|
| <b>For the year ended/ As on*</b> | <b>31-03-2024</b>  | <b>31-03-2025</b>  |
|                                   | <b>Audited</b>     | <b>Provisional</b> |
| Total Operating Income            | 839.31             | 914.05             |
| EBITDA                            | 88.39              | 89.29              |
| PAT                               | 22.87              | 38.40              |
| Total Debt                        | 282.42             | 284.58             |
| Tangible Net Worth                | 145.15             | 183.35             |
| EBITDA Margin (%)                 | 10.53              | 9.77               |
| PAT Margin (%)                    | 2.72               | 4.19               |
| Overall Gearing Ratio (x)         | 1.95               | 1.55               |
| Interest Coverage (x)             | 3.39               | 3.51               |

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA: Nil**

**Any other information:**

**Rating History for last three years:**



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| Sr. No. | Name of Security/Facilities | Current Ratings (2025-26)   |                                |                  | Rating History for the past 3 years     |   |                                     |
|---------|-----------------------------|-----------------------------|--------------------------------|------------------|---|---|-------------------------------------|
|         |                             | Type (Long Term/Short Term) | Amount outstanding (Rs. Crore) | Rating           | Date(s) & Rating(s) assigned in 2025-26 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in T-3 |
|         |                             |                             |                                |                  | April 18, 2025                          | December 14, 2023                       |                                     |
| 1.      | CC/ WCDL                    | Long term                   | 195.00                         | IVR BBB+/ Stable | IVR BBB+/ Negative; INC*                | IVR BBB+/ Stable                        | --                                  |
| 2.      | Term loan                   | Long term                   | 140.33                         | IVR BBB+/ Stable | IVR BBB+/ Negative; INC*                | IVR BBB+/ Stable                        | --                                  |
| 3.      | GECL                        | Long term                   | 8.08                           | IVR BBB+/ Stable | IVR BBB+/ Negative; INC*                | IVR BBB+/ Stable                        | --                                  |
| 4.      | LC                          | Long term                   | 12.00                          | IVR A2           | IVR A2; INC*                            | IVR A2                                  | --                                  |

*\*Issuer did not cooperate; based on best available information*

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly 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.



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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](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

| Name of Facility/<br>/Security | ISIN | Date of<br>Issuance | Coupon<br>Rate/ IRR | Maturity<br>Date | Size of<br>Facility<br>(Rs. Crore) | Rating<br>Assigned/<br>Outlook |
|--------------------------------|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| CC/WCDL                        |      | -                   | -                   | -                | 195.00                             | IVR BBB+/Stable                |
| Term Loan                      |      |                     |                     | October<br>2029  | 140.33                             | IVR BBB+/Stable                |
| GECL                           |      |                     |                     | January<br>2028  | 8.08                               | IVR BBB+/Stable                |
| LC                             |      |                     |                     |                  | 12.00                              | IVR A2                         |

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Maruti-Ispat-7july25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**





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**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).

