



Press Release

Nutan Ispat and Power Private Limited

February 14, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	104.80	IVR A-/ Stable (IVR A minus with Stable outlook)	-	Assigned	Simple
Short Term Bank Facilities	38.00	IVR A2+ (IVR A two plus)	-	Assigned	Simple
Total	142.80 (Rs. one hundred forty two crore and eighty 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

The ratings assigned to the bank facilities of Nutan Ispat and Power Private Limited (NIPL) considers the common management team and operational & financial linkages between NIPPL, Maruti Ferrous Private Limited (MFPL), Ghankun Steels Private Limited (GSPL), Sunil Ispat and Power Private Limited (SIPPL) and Karnikripa Power Private Limited (KPPL). Infomerics has taken a combined view of these entities and referred together as the Maruti Group.

The ratings assigned derives strength from the experienced promoters, increase in topline and profit over the past years which continued in 9MFY25 (refers to period April 1st, 2024, to December 31st, 2024), favourable capital structure with adequate coverage indicators, locational advantages, and adequate demand for the manufactured products. However, these rating strengths are partially constrained due to susceptibility to volatility in raw material prices, intense competition and inherent cyclicalities in the steel industry.

The long-term rating outlook is Stable on account of experienced management with an established track record of operations, integrated nature of operations, strong business risk profile, healthy financial risk profile and efficient working capital management.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income, operating margin and cash accrual
- Sustenance of the capital structure with improvement in debt protection metrics on a sustained basis.
- Timely completion of the ongoing capex in the Group, without any cost overrun.

Downward Factors

- More than expected moderation in the scale of operations and/or deterioration in profit margin impacting the liquidity and debt coverage indicators.
- Stretch in the working capital cycle driven by stretch in receivables, or sizeable capital expenditure weakens the liquidity.
- Withdrawal of subordinated unsecured loans and/or any unplanned capex leading to deterioration in overall gearing and/or moderation in interest coverage indicators

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The promoters of the Group, Chowdhary, Tola and Khaitan family of Raipur, Chhattisgarh, have extensive experience in the Iron & Steel Industry. The promoters of the company are quite resourceful which will enable full financial and operational support to the Group. Led by long term vision, the promoters, over the past years have set up different companies for backward as well as forward integration which manufactures sponge iron, billets, TMT bars and also have captive power arrangement which makes the whole Group an integrated unit. Their strong understanding of market dynamics and healthy relationships with suppliers and customers continue to support the business.

- **Increase in topline and profit over the past years which continued in 9MFY25**

On a combined level, the TOI witnessed a CAGR of 11.2% from FY21 (refers to period April 1st, 2020, to Mar 31st, 2021) to FY24 (refers to period April 1st, 2023, to Mar 31st, 2024), with TOI of Rs. 1474.86 crore during FY24 and Rs. 1069.64 crore during FY21. Over the years the



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increase in TOI has been due to increase in quantity sold, partly offset by volatility in steel prices. During FY24, TOI declined primarily due to a 10-12% reduction in sales realization. However, both production and sales volumes increased during this period. The Group encompassing five companies forms an integrated steel unit with adequate forward and backward integration. During 9M FY2025, the Group reported TOI of Rs. 1485.80 crore up 53% year on year. The increase in topline was primarily due to contribution from one of its companies, Karnikripa Power Private Limited, as its kilns got operational in April and May 2024. Infomerics believes that timely completion of the ongoing capex in KPPL will further lead to topline and profit growth.

- **Favorable capital structure with adequate coverage indicators**

The Group's financial risk profile is marked by healthy net-worth, comfortable gearing and moderately comfortable debt protection metrics. Adjusted network (adjusted for unsecured loans 126.74 crore which is treated as quasi equity) as on March 31, 2024, was Rs. 464.45 crore up from Rs. 316.63 crore as on March 31, 2023 (includes unsecured loans 51.41 crore which is treated as quasi equity), due to increase in equity share capital at Karnikripa Power Private Limited and Sunil Ispat and Power Private Limited as well as accretion of profit to reserves. The total debt was Rs. 625.53 crore as on March 31, 2024, up from Rs. 427.72 crore as on March 31, 2023, primarily due to loans taken to fund the capex and increase in working capital borrowings. Overall gearing stood at 1.35 times as on March 31, 2024, which remained unchanged year on year. TOL/TNW was 2.27 times on March 31, 2024, compared with 2.06 times as on March 31, 2023, due to increase in other liabilities which included advances received from customers. As on December 31, 2024, overall gearing stood at 1.42 times but TOL/TNW improved to 2.01 times due to increase in network.

- **Locational advantages**

The Group's major operations is in Raipur, Chhattisgarh, is a mineral rich state and major raw materials are purchased locally, reducing transportation cost and lead time. Also, the location of the plant allows the companies in the Group to readily distribute its finished products throughout the state of Chhattisgarh and nearby states. The Group has linkages with South Eastern Coalfields Ltd. which is also in Chhattisgarh, for the supply of coal which offers advantages in terms of price and also ensures uninterrupted supply of coal which is critical raw materials in the steel industry.

- **Adequate demand for manufactured products**



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The Group manufactures most of the iron and steel products throughout its value chain, starting from sponge iron to billets and TMT bars. The manufactured products are widely used in various sectors like construction, still rolling and rerolling mills etc. With the increase in Government and private expenditure in infrastructure sector, the demand of manufactured products are high. The company markets its TMT bars under brand name of “Kamdhenu TMT Jindal TMT 500 and Nirman TMT which is its in-house brand. These brands have good presence and acceptability in the regional market.

Key Rating Weaknesses

- **Susceptibility to volatility in raw material prices**

The Group's profit is susceptible to fluctuations in raw material prices. The domestic steel producers are substantially dependent on imports of coking coal, and hence, any supply-side issue could have a material impact on utilization and profitability. In addition, metal prices are heavily dependent on international prices, as the domestic market is open for imports. China has been a key exporter in the international market and accounts for about 50% of global production. Hence, any changes in its economic policies that could impact infrastructure spending, or the easing of environmental norms can materially impact metal prices.

- **Intense competition and inherent cyclicality in the steel industry**

The Group is operating in a competitive and fragmented nature of industry due to the presence of many unorganized players on account of low entry barriers. Moreover, demand for steel products predominantly depends on the construction and infrastructure sectors. Thus, the profit margins and sales of the company remains exposed to inherent cyclicality in these sectors.

- **Project execution risk**

One of the companies in the Group- Karnikripa Power Private Limited is undertaking a capex of Rs. 381.02 crore, which involves setting up of an induction furnace of 2,97,000 MTPA and a captive power plant of 50 MW. Till November 30, 2024, Rs. 264.42 crore has been spent on the project. Timely completion of the project without any time and cost overrun and the timely commencement of the project will be a monitorable factor.



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Analytical Approach: Combined

For arriving at the ratings, Infomerics has combined the business and financial risk profiles of Maruti Ferrous Private Limited (MFPL), Nutan Ispat and Power Private Limited (NIPPL), Ghankun Steels Private Limited (GSPL), Sunil Ispat and Power Private Limited (SIPPL) and Karnikripa Power Private Limited (KPPL). This is because these companies, collectively referred to as the Maruti Group, are under control of same promoters, have business and financial linkages. The list of Companies is given in Annexure 4.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria of assigning Rating Outlook](#)

[Policy of default recognition](#)

[Criteria on complexity](#)

[Consolidation of Companies](#)

Liquidity – Adequate

The liquidity position of the Group is expected to remain adequate in the near to medium term with sufficient accruals and to meet the term debt repayment in the period FY25-FY27. The average fund based utilisation for the twelve months ended December 2024 was ~79% indicating adequate liquidity. Also, the Group has cash, bank and free fixed deposit balance of ~Rs. 45 crore as on March 31, 2024, which further supports the Group's liquidity position.

About the company

Incorporated in 2002 and based out of Chhattisgarh, the company is engaged in manufacturing of sponge iron, billets and TMT bars. In 2016, the company became part of the Maruti Group by way of purchase. Currently, NIPPL is headed by Mrs. Sumitra Khetan, Mr. Sourabh Tola and others. The company has a capacity of 60,000 MTPA for Sponge Iron, 88,320 MTPA for Billet, 1,50,000 MTPA for TMT bars and it put up 10 MW captive power plant in 2020. Out of total sales, 95% of the sales is of Kamdhenu TMT bars, 5% comprise of Jindal TMT 550.



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Financials (Standalone):

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	881.26	964.60
EBITDA	53.83	51.80
PAT	24.32	20.95
Total Debt	110.15	118.58
Adjusted Tangible Net Worth	91.89	112.84
EBITDA Margin (%)	6.11	5.37
PAT Margin (%)	2.76	2.16
Adjusted Overall Gearing Ratio (x)	1.20	1.05
Interest Coverage (x)	4.89	4.98

* 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 (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Term Loans	Long Term	41.20	IVR A-/ Stable	-	-	-
2.	GECL Limits	Long Term	6.60	IVR A-/ Stable	-	-	-
3.	Cash Credit	Long Term	57.00	IVR A-/ Stable	-	-	-
4.	WCDL	Short Term	20.00	IVR A2+	-	-	-
6.	Bank Guarantee	Short Term	2.70	IVR A2+	-	-	-
7.	Letter of Credits	Short Term	15.30	IVR A2+	-	-	-

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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



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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: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
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GECL 1	-	-	-	Jan 2026	1.35	IVR A-/ Stable
GECL 2	-	-	-	Jan 2026	1.24	IVR A-/ Stable
GECL 3	-	-	-	Dec 2027	4.01	IVR A-/ Stable
Term Loan 1	-	-	-	Mar 2025	1.20	IVR A-/ Stable
Term Loan 2	-	-	-	Mar 2030	40.00	IVR A-/ Stable
Cash Credit 1	-	-	-	-	20.00	IVR A-/ Stable
Cash Credit 2	-	-	-	-	11.00	IVR A-/ Stable
Cash Credit 3	-	-	-	-	26.00*	IVR A-/ Stable
WCDL	-	-	-	-	20.00	IVR A2+
Bank Guarantee	-	-	-	-	2.70	IVR A2+
Letter of Credit 1	-	-	-	-	6.30	IVR A2+
Letter of Credit 2	-	-	-	-	9.00	IVR A2+

*WCDL of Rs. 25.00 is sublimit

Annexure 2: Facility wise lender details: [Len-Nutan-Ispat-Power-14feb25.pdf](#)

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

Annexure 4: List of companies considered for consolidated analysis:

Name of the company	Consolidation Approach
Maruti Ferrous Private Limited	Full combined
Nutan Ispat and Power Private Limited	Full combined
Ghankun Steels Private Limited	Full combined
Sunil Ispat and Power Private Limited	Full combined
Karnikripa Power Private Limited	Full combined

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.