



Press Release

Swastik Pipe Limited

June 04, 2025

Ratings

Security Facility /	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loan/GECL	16.40 * (Reduced from Rs.22.74 crore)	IVR BB+; Stable (IVR Double B Plus with Stable Outlook)	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	Rating Downgraded	Simple
Long Term Bank Facilities – Cash Credit	90.81	IVR BB+; Stable (IVR Double B Plus with Stable Outlook)	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	Rating Downgraded	Simple
Short Term Bank Facilities – ILC/FLC/ BG	85.00	IVR A4+ (IVR A Four Plus)	IVR A3 (IVR A Three)	Rating Downgraded	Simple
Total	192.21 (Rupees one hundred and ninety-two crore and twenty-one lakhs 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 the ratings assigned to the bank facilities of Swastik Pipe Limited (SPL) due to moderation in the business performance of the company marked by deterioration in profitability with cash loss in FY25 (FY refers to the period from April 1 to March 31). However, the ratings assigned to the bank facilities continues to derive comfort from long track record of its operations under experienced top management, diversified product portfolio and established relationship with customers and suppliers. The ratings further note the comfortable capital structure; albeit moderation in debt coverage indicators in FY2025. These rating strengths continues to remain partially offset by working capital intensive nature of its operations and exposure to cyclical nature associated with the steel industry.

The stable outlook reflects that the company is expected to maintain a stable business performance supported by satisfactory demand outlook of the respective industry under the guidance of experienced promoters.



Press Release

Key Rating Sensitivities:

Upward Factors:

- Sustained growth in scale of operations with improvement in profitability and gross cash accruals
- Improvement in capital structure and improvement in debt protection metrics with improvement in interest coverage to over 2.0x.
- Improvement in operating cycle and overall liquidity position of the company

Downward Factors:

- Deterioration in scale of operations and/or moderation in profitability resulting in moderation in ICR to below 1.00x
- Moderation in the capital structure with overall gearing deteriorated above 1.5x
- Any large debt funded capital expenditure and/or further elongation of the working capital cycle leading to deterioration in the financial risk profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced top management**

SPL was incorporated in 1973 by Late Mr. Devki Nandan Bansal who had vast experience of over 50 years in this industry. His son, Mr. Sandeep Bansal, is currently the Managing Director of the company. He is a postgraduate in Business Management and has around 30 years of experience in the industry. Other members of the board are also well-qualified and have more than two decades of overall industry experience.

- **Long track record of operations and established relationship with customers and suppliers**

SPL has an operational track record of over four decades in the steel pipes and tubes industry. Long standing presence in the industry has helped the Company establish healthy relationships with both customers and suppliers. While the company procures HR coil, its primary raw material from Tata Steel and SAIL, it sells its products to a diversified customer base. The top ten customers contributed ~40% and ~36% of the total sales of the Company in FY2023 and 9MFY2024 respectively. The Company is likely to benefit from its established presence as well as healthy relationship with both customers and suppliers going forward.

- **Diversified product portfolio**



Press Release

SPL has a diversified product portfolio comprising of galvanized pipes, black pipes, CR coils, precision pipes, tubular poles and mounting structures. These products have varied industrial uses and are widely used for irrigation & sewage, water supply & plumbing, oil & gas and automobiles. The company sells all its products under its registered brand “T.T. Swastik”.

- **Comfortable capital structure**

The capital structure of the company remained comfortable with long term debt equity ratio and overall gearing of 0.13x and 0.65x respectively as on March 31, 2025, as against 0.22x and 0.64x respectively as on March 31, 2024. Total indebtedness as reflected by TOL/ATNW also remained comfortable at 1.65x as on March 31, 2025.

Key Rating Weaknesses

- **Moderation in business performance leading to moderation in debt protection metrics**

The business performance of the company moderated in FY25 marked by moderation in its EBITDA coupled with elevated interest charges which resulted in net as well as cash loss. Debt protection metrics of the company also dampened in FY25 due to moderation in EBITDA and cash loss incurred. The company has experienced delay in payments from Public Health & Engineering departments of Jammu & Kashmir and Himachal Pradesh against goods sold pertaining to Jal Shakti Mission which resulted in pressure on its working capitals leading to rise in interest cost and also loss of business opportunities due to blockage of working capital. However, the company is expecting to realise the payments along with interest for delay in the near term.

- **Working capital intensive operations**

The operating cycle of the company stood at 78 days in FY2025. The company sells its products to traders, EPC Contractors, tier 2 vendors of OEMs such as Maruti, Bajaj, MNC's as well as Government institutions. While payment from traders, EPC Contractors, vendors of OEM are received in 7-30 days' time, payment from Government is at times stretched up to 5-6 months. Also, the company has to maintain inventory of around 50-60 days as a regular business practice. Further, the company avails a credit of around 20-30 days from some of its raw material suppliers. The average utilization of fund based working capital limits of the company stood high over the years.

- **Exposure to cyclicity associated with the steel industry**



Press Release

The primary raw material for the company is HR coil, the prices of which have been volatile in nature. Hence, the operating margin and realisations are susceptible to volatility in steel prices. Also, the steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market.

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](#)

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

Liquidity – Adequate

The company has a strong gearing headroom as the overall gearing remained comfortable at 0.65x as on March 31, 2025. Further, the current ratio stood comfortable at 1.49x as on March 31, 2025. However, the company's operations are working capital intensive and the average utilization of fund based working capital limits for the past twelve months remained high indicating a limited liquidity buffer.

About the company

Incorporated in 1973, New Delhi based Swastik Pipe Ltd (SPL), manufactures wide varieties of Mild Steel/Carbon Steel ERW Black and Galvanized Pipes/ Tubes and tubular poles, which have diversified industrial use such as for irrigation & sewage, water supply & plumbing, oil & gas and automobiles. All the products of the Company are sold under its registered brand "T.T. Swastik". The manufacturing facilities of the Company are located at Bahadurgarh (Haryana) and Kosi Kalan (Uttar Pradesh). The combined annual installed production capacity of both the manufacturing facilities is 250,000 MT. The company is listed in National Stock Exchange under SME Platform from October 12, 2022.

Financials: Standalone

(Rs. crore)		
For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	723.46	747.17
EBITDA	23.61	18.92



Press Release

PAT	5.13	-7.22
Total Debt	127.96	126.37
Adjusted Tangible Net Worth	200.81	193.59
EBITDA Margin (%)	3.26	2.53
PAT Margin (%)	0.70	-0.96
Overall Gearing Ratio (x)	0.64	0.65
Interest Coverage (x)	1.34	0.80

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

India Ratings vide its press release dated July 14, 2024 has maintained the rating in issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					January 15, 2025	May 06, 2024	April 04, 2023	-
1.	Term Loan/GECL	Long Term	16.40 * (Reduced from Rs.22.74 crore)	IVR BB+/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-
2.	Cash Credit	Long Term	90.81	IVR BB+/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-
3.	ILC/FLC/ BG	Short Term	85.00	IVR A4+	IVR A3	IVR A3	IVR A3	-

*Outstanding as on December 31, 2024

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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



Press Release

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/GECL	-	-	-	September 2028	16.40 * (Reduced from Rs.22.74 crore)	IVR BBB-/ Stable
Cash Credit	-	-	-	-	90.81	IVR BBB-/ Stable
ILC/FLC/ BG	-	-	-	-	85.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Swastik-Pipe-4june25.pdf>



Press Release

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.

