



## Press Release

**Maruti Inox (India) Private Limited**

**June 26, 2023**

### Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	32.52	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	1.90	IVR A3 (IVR A Three)	Assigned	Simple
<b>Total</b>	<b>34.42</b>	<b>Rupees Thirty- Four Crores &amp; Forty – Two Lakhs only</b>		

### Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Valuations and Ratings Private Limited (IVR) has assigned long-term rating of IVR BBB- with a Stable Outlook and short-term rating of IVR A3 for the bank loan facilities of **Maruti Inox (India) Private Limited**

The rating draws comfort from its significant experience of promoters & management, increasing scale of operations and moderate capital structure along with debt protection metrics. However, these strengths are partially offset by geographical concentration risk, volatility of the prices and competitive nature of the industry.

IVR has principally relied on the standalone audited financial results of Maruti Inox (India) Private Limited up to 31 March 2022, provisional FY23 and projected financials for till FY26, and publicly available information/ clarifications provided by the company's management.

#### Key Rating Sensitivities:

##### Upward Factors

- Significant growth in scale of business with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity
- Improvement in the capital structure with further improvement in debt protection metrics

##### Downward Factors



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- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile
- Any further significant rise in working capital intensity or unplanned capex leading to a further deterioration in the liquidity position

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoter and management:**

The promoters of the company are having an extensive experience of more than 15 years in the steel industry. The promoter has also infused additional capital by way of equity capital in FY23. The promoters have also infused unsecured loans worth Rs. 2.80 crore to support the growing operations.

- **Increasing Scale of Operations**

The Total Operating Income of Maruti Inox (India) Private Limited (MIPL) increased from Rs. 79.84 Crore in FY21 to Rs. 129.76 Crore in FY23. This shows that company has achieved robust growth with a CAGR of 17.57% from FY21 to FY23. The top line was reduced in FY21 due to the pandemic related restrictions. EBITDA of MIPL has been increasing consistently from Rs. 5.39 crore in FY21 to Rs. 7.66 crore in FY22 and to Rs. 9.67 crore in FY23. Similarly, PAT has also been increasing consistently i.e., from Rs. 1.29 Crore in FY21 to Rs. 3.12 Crore in FY22 and to Rs. 4.54 Crore in FY23.

- **Moderate Capital Structure and Debt Protection Metrics**

The Overall Gearing Ratio of MIPL improved substantially from 6.07x as on March 31, 2021, to 1.90x as on March 31, 2023. This improved over the period due to increase in Tangible Net-Worth of the company supported by increase in equity and unsecured loans. The debt protection metrics stood above average marked by Interest Coverage Ratio of 2.39 in FY23 (FY21: 1.60x) and Debt Service Coverage Ratio of 2.47x in FY23 (FY21: 1.27x). Total Debt to GCA improved and stood at 4.91 years in FY23 as against 14.56 years in FY21.

#### Key Rating Weaknesses

- **Fragmented industry leading to intense competition**

The company faces stiff competition from other numerous large and small players which limits the pricing flexibility of the industry participants and consequently exerts pressure on margins. The metal industry is cyclical in nature and facing slowdown due to excess capacity leading



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to a downtrend in the prices. However, the demand in metals industry is expected to improve in medium term as various government initiatives taken in infrastructure sector will help to boost this industry.

- **Volatility in the Steel prices**

The price of steel has seen a lot of volatility over the last three years. The price of scrap steel which is one of the main raw materials required for MIIPL and finished goods like SS hex are volatile in nature and hence, MIIPL's profitability is susceptible to fluctuation in the prices of its raw material / traded goods/finished goods prices.

- **Geographical concentration risk**

MI IPL mainly caters to the state of Gujarat which contributed more than 62% to its sales in FY23. Hence, the company is exposed to geographical concentration risk. However, the company has begun efforts to strengthen its brand presence and grow its sales in other states.

**Analytical Approach:** For arriving at the ratings, IVR has analysed Maruti Inox (India) Private Limited's credit profile by considering the standalone financial statements of the company.

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning rating outlook](#)

**Liquidity – Adequate**

MI IPL's liquidity is adequate marked by ~84% average utilisation of working capital limits for last 12 months ended April 2023. MIIPL has generated cash accrual of Rs. 6.24 Crore in FY23 and expects sufficient cushion in cash accruals vis-à-vis its repayment obligations in the next 3 years. The Current Ratio of the company stood above unity at 1.45x as on March 31, 2023. The unencumbered cash and bank balance as on 31 March 2023 is Rs. 1.20 Crore.

**About the Company**

Maruti Inox (India) Pvt Ltd, incorporated on 18th September 2006, is engaged in manufacturing of Ingots, re-rolling hot rolled bars in various shapes such as rounds, RCS,



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Hexagons Squares, Angles and Flats and trading in steel scrap. The Company's factory is situated at Mehsana, Gujarat with an installed capacity of 2,40,000 tons per annum. The company is managed by Mr. Pankaj Shamdani & Mrs. Vaishali P Shamdani.

### Financials (Standalone):

	(Rs. Crore)		
For the year ended*	31-03-2021	31-03-2022	31-03-2023
	Audited	Audited	Provisional
Total Operating Income	79.84	117.85	129.76
EBITDA	5.39	7.66	9.67
PAT	1.29	3.12	4.54
Total Debt	33.20	30.00	30.66
Adjusted Tangible Net worth	7.60	9.01	20.44
EBITDA Margin (%)	6.75%	6.50%	7.45%
PAT Margin (%)	1.61%	2.65%	3.48%
Overall Gearing Ratio (x)	4.09	3.27	1.50

Status of non-cooperation with previous CRA: None

Any other information: Nil

### Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating (26 June 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities	Long Term	32.52	IVR BBB-/ Stable	-	-	-
2.	Short Term Bank Facilities	Short Term	1.90	IVR A3	-	-	-

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### About Infomerics:



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Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust, and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the company at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	FY24	0.52	IVR BBB-/ Stable
Cash Credit	-	-	-	32.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	1.90	IVR A3

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-Maruti-Inox-jun23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable



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