

## Maithan Ceramic Limited

November 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	7.15	CARE A-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	75.00 (Reduced from 80.00)	CARE A-; Stable / CARE A2+	Reaffirmed
Short Term Bank Facilities	76.00 (Reduced from 126.00)	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Maithan Ceramic Limited (MCL) factor in the, satisfactory capital structure and debt coverage indicators in FY25, satisfactory financial performance in FY25 albeit moderation in demand from user industry i.e., iron and steel industry. Ratings continue to derive strength from long track record and extensive experience of promoters in refractory industry and reputed clientele leading to low counterparty risk.

However, ratings are constrained by working capital intensive operations given the requirement to maintain high variety of raw material leading to elongated inventory cycle, substantial dependence upon the fortunes of inherently cyclical iron and steel industry, fragmented and competitive refractory industry, profitability being susceptible to volatility in raw-material prices and foreign exchange fluctuation risk.

CARE further notes increasing exposure of MCL in its group entities in FY25 and H1FY26.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- The company's ability to increase its scale of operations above ₹750 crore with operating margins (profit before interest, lease rentals, depreciation, and taxation [PBILDT]) at ~12% on a sustained basis.
- Improvement in capital risk profile marked by total outside liabilities to tangible network (TOL/TNW) below 0.75x on a sustained basis.

#### Negative factors

- Moderation in total operating income (TOI) below ₹250 crore with operating margins of below 9% on a sustained basis.
- Any un-envisaged incremental debt funded capital expenditure leading to deterioration in the company's capital structure and debt coverage indicators from the current levels.
- Stretching of operating cycle beyond 150 days leading to moderation in liquidity profile on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The 'stable' outlook assigned to the company's long-term rating is based on the ability of promoters to maintain its financial risk profile, marked by the sustenance of scale of operations and steady operating margins while maintaining the capital structure and debt protection indicators at around current levels.

### Detailed description of key rating drivers:

#### Key strengths

#### Satisfactory financial performance in FY25 albeit moderation in demand from user industry i.e., iron and steel industry

Although the company's Total Operating Income (TOI) of MCL moderated from ₹369 crore in FY24 to ₹332.25 crore in FY25 amid subdued demand from the user industry, i.e., iron and steel, it continues to remain satisfactory. Management has articulated that

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

aggressive bidding by other refractory players in an attempt to penetrate the market led to dip in sales volume of the company. Nevertheless, MCL mitigated the impact to some extent by adding several small customers thereby reducing its dependence on a few major clients.

PBILDT margins moderated to 10.75% in FY25 against 14.32% in FY24 and PAT margin moderated to 4.88% in FY25 against 7.38% in FY24 due to lower spread of fixed overhead.

In H1FY26, the company achieved TOI of ₹133.68 crore (H1FY25: Rs.175.00 crore)

### **Satisfactory capital structure and debt coverage indicators in FY25**

The company's capital structure continued to remain satisfactory in FY25 marked by improvement in overall gearing to 0.55x as on March 31, 2025, against 0.87x as on March 31, 2024. Improvement in overall gearing was attributable to reduction in debt levels, redemption of OCRPS of ₹ 9.75 Crore and increase in tangible net worth due to accretion of profit to reserves. Also, debt protection metrics continued to remain satisfactory marked by interest coverage and total debt (TD)/GCA of 5.65x (PY: 8.24x) and 3.40x (PY: 3.39x) as on March 31, 2025, respectively.

In FY26 and FY27, the company is planning a capital expenditure (capex) plan of ~₹25 crore to add fused magnesia plant apart from regular capex. These capex plans are modular and gradual, and this will be entirely funded from internal accruals and are entirely contingent upon availability of internal accruals.

The group is setting up processing of the mined mineral into intermediates such as calcined bauxite, fused alumina, dead burned magnesia, fused magnesia, etc. in a group entity, Maithan Advanced Materials Limited (MAML) managed by Mr. Aditya Agarwalla (son of Mr JP Agarwalla). This capacity is primarily meant to cater to export market. Till FY25, the company has invested ₹15.00 crore in this entity and has made an additional investment of approximately ₹2.5–3.0 crore in current FY, hence overall investment is around ₹18.00 crore. The project is expected to be completed in April-May 2026.

In addition, the company has invested ₹10.0 crore in Vanyaveda Greens Private Limited in current FY, a group company managed by Mr. Vishal Agarwalla (son of Mr JP Agarwalla), which is setting up manufacturing unit in food and beverages sector in Madhya Pradesh. The project is in nascent stage of execution.

MCL has exposure to the group companies aggregating ₹17.41 as on Mar 31, 2025. Further, MCL is likely to extend further support in the form of equity/loans and advances of ₹15 crore in FY26 to the above mentioned two group entities. The company will neither avail debt to invest in group entities nor it will extend any Corporate Guarantee to group entities as articulated by management. Exposure to group entities beyond envisaged levels remain key rating monitorable.

Going forward, CARE Ratings expects the capital structure to remain satisfactory given no major debt raising plan by the management.

### **Reputed clientele leading to low counterparty risk**

MCL caters significant amount of sales to reputed client base comprising of large players in iron and steel and glass industries with strong credit profiles, which mitigates the counterparty risk to some extent.

### **Experienced promoters with long track record of operations**

The promoters- JP Agarwalla and family, have been engaged in the refractory manufacturing business for over five decades. The group enjoys good standing in the organised refractories segment in iron and steel industry and highly technical glass industry.

### **Key weaknesses**

#### **Working capital intensive business**

MCL's business is working capital intensive marked by high average inventory period and high credit period extended to customers. Inventory level has historically been on the higher side as a very high amount of inventory gets blocked in the form of raw material as the company is required to maintain very high variety of raw materials, most of which are imported and are required to be maintained in a substantial quantity to ensure smooth operations at the plant. Furthermore, the requirement of non-fund-based limits is also higher owing to the nature of business, which involves use of letter of credit (LC) for import of raw materials. Although the company's operating cycle moderated in FY25 from 182 days in FY24 to 194 days in FY25, however on an absolute level, receivable and inventory has reduced from ₹83.04 crore and ₹146.62 crore as on Mar 31, 2024 to ₹50.89 crore and ₹123.33 crore as on Mar 31, 2025 respectively.

### Profitability susceptible to raw material price volatility and forex fluctuation

Raw material (major ones being aluminium oxide [alumina], magnesium carbonate [magnesite], bauxite, sillimanite and clay) expense constitutes a substantial portion of the total cost of sales. Given the raw-material is the major cost driver and its prices are volatile, the company's profitability is susceptible to volatility in prices of raw-material. Furthermore, the company's profitability is exposed to forex fluctuation risk as imported raw material stood ~57% of its total requirement in FY25 and the company usually does not hedge its foreign exchange exposure. However, the company has not reported major forex losses in the last few years owing to even spread of purchases.

### Fragmented and competitive refractory industry

Refractory industry consists of few organised and large number of unorganised players. The industry faces stiff competition from the unorganised players. With modernisation of the plant, MCL is poised to compete well with large players and mitigates the competition from unorganised players to an extent.

### Substantially depends on fortunes of inherently cyclical iron and steel industry

MCL is exposed to inherently cyclical iron and steel industry as it derives most of its revenues from sales to iron and steel companies. Although the outlook of the steel industry remains favourable at present, MCL is exposed to volatility imbedded in the industry.

### Liquidity: Adequate

The liquidity position of the company remained adequate marked by healthy gross cash accruals (GCA) of around Rs.26.09 crore against negligible debt repayment obligation (₹2.75 crore) in FY25 and moderate utilization of working capital limit, i.e. around 67% in the last 12 months ending August 31, 2025; supported by above unity (1.73x) current ratio as on March 31, 2025.

In Oct 2025, the company has reduced its fund and non-fund based limit from ₹80 crore and ₹125 crore to ₹75.00 crore and ₹75.00 crore respectively. Going forward, the liquidity position of the company is expected to remain adequate on the back of healthy GCA to meet the low debt repayment obligations and internal accrual needed to finance the proposed capex and exposure to group entities in FY26.

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Electrodes & Refractories

MCL, incorporated in 1963, is engaged in manufacturing refractory bricks and related items with a capacity of 72,000 metric tonne per annum (MTPA) of refractory bricks and 67,500 MTPA of mortar, grog and processed materials at Chirkunda, Dhanbad dist. Jharkhand. MCL has ISO 9001-2000 accreditation for its manufacturing facility. MCL products are mainly used in steel industry. MCL was originally promoted by Basant Kumar Agarwalla of Dhanbad (Jharkhand). In FY17, the business was divided between the three brothers of Agarwalla family of Dhanbad (Jharkhand). MCL's shares were transferred to Jagdish Prasad Agarwalla, the younger brother of B K Agarwalla. MCL's day-to-day operations are managed by Jagdish Prasad Agarwalla (Chairman) with support from his two sons - Vishal Agarwalla (MD) and Aditya Agarwalla.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	369.08	333.32	133.68
PBILDT	52.87	35.83	NA
PAT	27.22	16.26	NA
Overall gearing (times)	0.87	0.55	NA
Interest coverage (times)	8.24	5.65	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	75.00	CARE A-; Stable / CARE A2+
Non-fund-based - ST-BG/LC		-	-	-	76.00	CARE A2+
Term Loan-Long Term		-	-	December, 2026	7.15	CARE A-; Stable

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	75.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (05-Nov-24)	1)CARE A-; Stable / CARE A2+ (06-Dec-23)	1)CARE BBB+; Positive / CARE A2 (23-Dec-22)
2	Non-fund-based - ST-BG/LC	ST	76.00	CARE A2+	-	1)CARE A2+ (05-Nov-24)	1)CARE A2+ (06-Dec-23)	1)CARE A2 (23-Dec-22)
3	Term Loan-Long Term	LT	7.15	CARE A-; Stable	-	1)CARE A-; Stable (05-Nov-24)	1)CARE A-; Stable (06-Dec-23)	1)CARE BBB+; Positive (23-Dec-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-CC/Packing Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple
3	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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