Caparo Maruti Limited

December 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE BB; Stable / CARE A4 and Withdrawn
Long Term Bank Facilities	-	-	Reaffirmed at CARE BB; Stable and Withdrawn
Short Term Bank Facilities	-	-	Reaffirmed at CARE A4 and Withdrawn

Details of instruments/facilities in Annexure-1

Rationale and key rating drivers

CARE Ratings Ltd. (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BB; Stable/CARE A4' [Double B; Outlook: Stable/ A Four] assigned to the bank facilities of Caparo Maruti Limited (CML) with immediate effect. The above action has been taken at the request of CML and 'No Objection Certificates' received from the banks those have extended the facilities rated by CARE.

The ratings assigned to the bank facilities of Caparo Maruti Limited (CML) are constrained on account of weak operational performance and weak financial risk during FY25 (Provisional refers to the period from April 01 to March 31). The ratings further remained constrained on account of Volatility in raw material prices and foreign exchange fluctuation risk and Cyclicality associated with the auto industry. However, the ratings draw comfort from vast experience of the promoters in auto component business and strong business association with MSIL (Maruti Suzuki India Ltd).

Analytical approach: Standalone factoring in financial support from its group companies in form of inter corporate deposits.

Outlook: Stable

The "Stable" reflects CareEdge Ratings' believes that CML will continue to derive benefit from its long-standing experience of promoters in the industry and its association with Maruti Suzuki India Ltd (MSIL).

Detailed description of the key rating drivers:

Key weaknesses

Weak Operational performance

The Total Operating Income (TOI) of CML has been declining for past few years on account of transition from BS4 to BS6 engine which led to discontinuation of certain products along with reduction in realisation price for certain old models. However, CML's scale of operations, however, has improved due to higher order execution during FY25(Prov.) and remained moderate as marked by total operating income of 621.20 crore in FY25(Prov.) as against Rs. 507.56 crore in FY24. Consequently, CML has reported operating profit of Rs. 14.94 crore during FY25 (Prov.) as against losses in FY24 on the back of increase proportion of new business derived from orders from MSIL and Honda Motorcycles in FY25 and rationalization of fixed overheads. The profitability continues to remain low on account of receipt of lower payment under PCD (Price Cost Deduction y-o-y for the components used in existing models of MSIL) model along with high power cost. Further, due to higher interest costs as well depreciation costs, CML has continued to report net losses during FY25 (Prov.). CML has reported low cash profit of Rs. 1.18 crore during FY25 (prov.).

Weak financial risk profile

The company's financial risk profile is weak as marked by erosion of tangible net worth of the company due to accumulated losses. Further, company's debt levels have remained elevated and increased in recent past. The debt profile comprises of working capital borrowings, term loans and Inter-corporate deposits (ICDs) from group companies. The company has received an extension from the group companies for the repayment of these ICDs. Additionally, the company relies on these ICDs along with price claims from MSIL to meet its repayment obligations. Debt coverage indicators, however, has improved on the back of improved PBILDT in absolute terms but remained weak, as marked by interest coverage ratio of 1.09x during FY25 (Prov.) as against negative interest coverage in previous years.

Volatility in raw material prices and foreign exchange fluctuation risk

The company's profitability remains exposed to the volatility in raw material prices fluctuations. The major raw material for company is steel products like steel bars, steel sheets and steel tubes which forms approximately 79.48% of total cost of sales.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The iron and steel prices are volatile in nature, thus exposing the company to price risk. In the domestic market, the price reset is undertaken with the OEMs when there is an increase in the input prices. CML lodges the claim with OEMs and after negotiations, the increase in input prices is compensated by OEMs; however, there is a time lag of a quarter. But the compensation is awarded with retrospective effect.

Cyclicality associated with the auto industry
The automobile industry is cyclical in nature and automotive component suppliers' sales are directly linked to sales of auto OEMs. Furthermore, the auto-ancillary industry is competitive with the presence of a large number of players in the organized as well as unorganized sector. While the organized segment majorly caters to the OEM segment, the unorganized segment mainly caters to the replacement market and to tier II and III suppliers.

Key strengths
Vast experience of the promoters in auto component business
CML was the first company of the Caparo Group in India and commenced its operations as an automotive component's supplier for MSIL. Over the span of more than two decades, the group through its various entities has expanded to pan India presence working mainly for OEMs of passenger cars, commercial vehicles and off-road vehicles and supplies sheet metal stampings, steel forging, aluminium die casting, tubing, fasteners, and tailor welded blanks. MSIL is the largest passenger vehicle manufacturer in India and has a track record of around three decades.

Strong business association with MSIL
CML gets operational support from MSIL for developing the production mechanisms, sharing of risk in terms of raw material fluctuation etc. CML has plants devoted to the production for MSIL. Thus, major dependence on MSIL exposes the company towards customer concentration risk. Any change in procurement policy of MSIL adversely impacts the business of the company. This also exposes the company's revenue growth and profitability to its customer's future growth plans. Although there is customer concentration risk, it is however, offset to some extent as MSIL has considerable stake in CML and further has strong presence in the Indian Automobile market.

Liquidity: Stretched
Owing to the past trend of weak operational performance with no visible improvement in the current year, the liquidity profile remains stretched with a lower generation of cash accruals envisaged vis-à-vis debt repayments for fiscal FY26. The company relies on group support to meet its repayment obligations. As on March 31, 2025 (Prov.), the current ratio remained below unity at 0.37x as against 0.45x as on March 31, 2024. The company has reported cash and bank balance of Rs. 11.87 crore as on March 31, 2025 (Prov.)

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

Policy on Withdrawal of Ratings
CARE Ratings' Policy on Default Recognition
Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Financial Ratios – Non-Financial Sector
CARE Ratings' Criteria on Rating of Short Term Instruments
Rating Methodology - Manufacturing Companies
Rating Methodology – Auto Components & Equipments
Liquidity Analysis of Non-Financial Sector Entities

About the company

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

CML, incorporated in 1994, is engaged in the manufacturing of auto components. CML is a joint venture between Caparo India Ltd and MSIL, which hold 75% and 25% shares respectively. It was incorporated as an exclusive supplier of sheet metal stampings and weldments of specific design to MSIL. CML caters to various small and mid-sized models of MSIL. CML has three manufacturing plants located across India including Gurgaon (Haryana), Bawal (Haryana). The facilities are equipped with imported and indigenous press lines, robotic welding lines and painting facilities.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Prov.)	8MFY26 (Prov.)
Total operating income	689.63	507.56	621.20	440.00
PBILDT	-4.82	-7.86	14.94	-
PAT	-39.06	-41.26	-16.84	-
Overall gearing (times)	4.51	NM	NM	-
Interest coverage (times)	NM	NM	1.09	-

A: Audited; Prov.: Provisional; NM – Not Meaningful; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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-Working Capital Limits		-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn
Term Loan-Long Term		-	-	2029	0.00	Withdrawn
Term Loan-Long Term		-	-	2029	0.00	Withdrawn

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	Term Loan-Long Term	LT	-	-	1)CARE BB; Stable (04-Apr-25) 2)CARE BB; Stable (17-Dec-25)	-	1)CARE BB+; Stable (13-Mar-24)	1)CARE BB+; Stable (24-Mar-23) 2)CARE BB+; Stable (01-Apr-22)
2	Term Loan-Long Term	LT	-	-	1)CARE BB; Stable (04-Apr-25) 2)CARE BB; Stable (17-Dec-25)	-	1)CARE BB+; Stable (13-Mar-24)	1)CARE BB+; Stable (24-Mar-23) 2)CARE BB+; Stable (01-Apr-22)
3	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A4 (04-Apr-25) 2)CARE A4 (17-Dec-25)	-	1)CARE A4+ (13-Mar-24)	1)CARE A4+ (24-Mar-23) 2)CARE A4+ (01-Apr-22)
4	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	1)CARE BB; Stable / CARE A4 (04-Apr-25) 2)CARE BB; Stable / CARE A4 (17-Dec-25)	-	1)CARE BB+; Stable / CARE A4+ (13-Mar-24)	1)CARE A4+ (24-Mar-23) 2)CARE A4+ (01-Apr-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-Working Capital Limits	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 for clarifications.

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