

April 08, 2025

Maan Aluminium Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Cash credit	55.00	55.00	[ICRA]BBB+ (Stable); reaffirmed
Short term – Fund-based – Bill discounting	50.00	50.00	[ICRA]A2; reaffirmed
Total	105.00	105.00	

*Instrument details are provided in Annexure I

Rationale

ICRA's ratings factor in Maan Aluminium Limited's (MAL) established presence and the significant experience of the promoters in the aluminium extrusion industry, a wide distribution network and a reputed customer base. Moreover, MAL supplies extrusions to various end-user industries, including architectural, solar, hardware etc., lending stability to the business volumes. The ratings also consider the company's comfortable financial risk profile, supported by a healthy capital structure, and satisfactory debt coverage metrics.

ICRA notes that the company's operating income and operating margin moderated in FY2025 amid lower sales volumes due to a slowdown in the export market. In 9M FY2025, MAL reported an operating income of ~Rs. 570 crore, 21% YoY lower, and an operating margin of ~3.6% compared to 4.6% in FY2024. The performance is likely to remain subdued for the next 1-2 quarters. However, the entity has recently commissioned a new 14,000-MT capacity, thus increasing its presence in the value-added segment, which is likely to improve the volumes and profitability, going forward. Further, the coverage metrics are expected to remain comfortable in FY2025 and FY2026, backed by steady accretion of cash accruals and low debt levels.

While reaffirming the ratings, ICRA also notes the current capital expenditure plans of the entity. MAL acquired one sick unit at Dewas (Madhya Pradesh) for ~Rs 8.75 crore in March 2025. The additional capital expenditure required would be around Rs 20-25 crore to enhance its capacities in the medium term, which will strengthen the operating profile. MAL also acquired another land for ~Rs. 9 crore in December 2024, in which further value-added capacities are being planned. However, the capacity expansion would depend on an improvement in current market conditions. While MAL does not plan to take any sizeable term debt for its capital expenditure, a timely commissioning without any cost overrun would be the key monitorable. The ratings are, however, constrained by the susceptibility of the margins to fluctuations in raw material prices and foreign exchange rates along with intense competition, given the highly fragmented nature of the industry.

A Stable outlook on the [ICRA]BBB+ rating reflects ICRA's opinion that MAL will continue to maintain its comfortable capital structure and debt coverage indicators and will benefit from increased production capacities.

Key rating drivers and their description

Credit strengths

Comfortable financial risk profile, reflected in low external debt– The company's capital structure remains favourable owing to low debt, resulting in comfortable coverage indicators. The performance in FY2025 was impacted by lower volumes in both the trading and manufacturing businesses due to a weak demand environment. Nonetheless, the debt coverage indicators are expected to remain comfortable owing to the low debt levels, with an interest cover ~7.1 times and DSCR at 5.0 times expected in FY2025.

Established presence in aluminium extrusion industry – MAL is an established player in the domestic aluminium extrusion industry with an operational track record of two decades and a capacity of 24,000 MTPA (increased from 10,000 MTPA, in December 2024). The company has an established market presence and can produce diverse products, which find application in varied end-user industries. Further, the company is an exclusive distributor of Hindalco for the trading of aluminium billet/ingot and wire rods in north and south India (ex-Hyderabad).

Established relationships with dealers and customers – The company is promoted by Mr. Ravinder Nath Jain, who has over three decades of experience in the aluminium trading and extrusion industry. The promoter's rich experience has enabled the company to establish healthy relationships with various reputed customers and suppliers.

Credit challenges

Sustained slowdown in export market impacted earnings in FY2025 – MAL's operating performance in FY2025 remained impacted on account of lower volumes in both the trading and manufacturing businesses due to weak demand environment. However, the decline in volumes had been partially offset by an increase in the Aluminium London Metal Exchange (LME) prices during the year. MAL's operating revenues are expected at ~Rs. 720 crore, 25% lower YoY, and the operating margin at ~3.4%, 112 bps lower YoY. In 9M FY2025, MAL reported an operating income of ~Rs. 570 crore, 21% lower YoY, and an operating margin of ~3.6% compared to 4.8% reported in FY2024. The performance is likely to remain subdued for the next 1-2 quarters. However, the entity has recently commissioned a new 14,000-MT capacity, thus increasing its presence in the value-added segment, which is likely to push up the sales volume from FY2026 and support the overall revenue and profits to an extent.

While reaffirming the ratings, ICRA also notes the current capital expenditure plans of the entity. MAL acquired one sick unit at Dewas (Madhya Pradesh) for ~Rs 8.75 crore in March 2025. The additional capital expenditure required would be around Rs 20-25 crore to enhance its capacities in the medium term, which will strengthen the operating profile. MAL also acquired another land for ~Rs. 9 crore in December 2024, in which further value-added capacities are being planned. However, the capacity addition would be contingent on an improvement in current market conditions. While MAL does not plan to take any sizeable term debt for its capital expenditure, a timely commissioning without any cost overrun would be the key monitorable.

Intense competition in the industry – The company faces competition from organised and unorganised players in the fragmented aluminium extrusion industry, given the low capital investment and technical expertise required to produce extrusions with simple designs. As the company has healthy capacity in the extrusion space including anodising in India, it enjoys some pricing flexibility with customers that are not price sensitive and focus primarily on quality.

Margins susceptible to fluctuations in raw material prices and foreign exchange rates – Aluminium accounts for a major portion of the total raw material costs and the price volatility keeps MAL's margins susceptible to any fluctuation. However, the company matches sales with purchases, mitigating the raw material price risk to an extent. The company purchases aluminium in the form of ingots and billets from large domestic suppliers like Vedanta Aluminium Limited, National Aluminium Company and Hindalco Industries Limited. In addition to domestic purchases, the company imports a part of its raw material requirement. While there is a natural hedge to the extent of the exports, the earnings remain susceptible to the fluctuations in foreign exchange rates. Also, the margin in the trading business remains volatile, given the fluctuations in aluminium prices. The company's trading business has reduced over the years, mitigating the volatility to an extent.

Environmental and social risks

Environmental considerations - MAL's credit profile is exposed to environmental risks, given the strict regulatory requirements related to waste treatment and the additional costs required to be incurred for treating and managing effluents. Lapses in adhering to the statutory pollution limits could invite fines and penalties and could impact the company's profitability. Thus, MAL's ability to remain compliant with the necessary regulatory stipulations will remain a key credit rating sensitivity.

Social considerations - MAL faces social risks arising from the health and safety hazards that its operations could create for the community and might result in a backlash. However, MAL's track record of carrying out its operations responsibly over the years provides comfort.

Liquidity position: Adequate

The company's liquidity position is expected to remain adequate, given the sufficient cash flow from operations expected at ~Rs. 26 crore against a low external debt repayment obligation of Rs. 0.4 crore in FY2026. The company has annual capex plans of ~Rs. 25 crore in FY2026 and FY2027, to be largely funded by internal accruals. Its comfortable liquidity is further reflected in its moderate utilisation of working capital limits.

Rating sensitivities

Positive factors - ICRA could upgrade the ratings if the company demonstrates a significant improvement in its operating profitability and debt protection metrics along with a strengthening of liquidity position, going forward.

Negative factors - Pressure on MAL's ratings may arise in case of a sustained deterioration in its profitability and cash accruals. Any significant stretch in the working capital cycle, or a large debt-funded capex exerting pressure on the liquidity position, may also trigger a downgrade. An interest coverage ratio below 4.0 times, on a sustained basis, may also prompt a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

About the company

Maan Aluminium Limited, incorporated in 2003 by Mr. Ravinder Nath Jain, is engaged in the trading of aluminium ingot/billets/rods and the manufacturing of aluminium alloy extruded products, including rods and bars. The company's plant is at Pithampur in Madhya Pradesh, with an installed capacity of 24,000 MTPA (enhanced from 10,000 MTPA in December 2024). The company exports its products globally and is accredited with a three-star export house status. Further, the company has in-house anodising and powder coating facilities to manufacture value-added products.

Its plant in central India was one of the first to be commissioned in 1989. In 2009, the company was rebranded Maan Aluminium Ltd. The day-to-day operations of the company are managed by its managing director, Mr. Ravinder Nath Jain, along with his daughter and son-in law.

Key financial indicators (audited)

MAL Standalone	FY2023	FY2024	9M FY2025*
Operating income	820.6	970.4	570.0
PAT	50.0	32.7	11.6
OPBDIT/OI	8.7%	4.6%	3.6%
PAT/OI	6.1%	3.4%	2.0%
Total outside liabilities/Tangible net worth (times)	0.7	0.4	0.3
Total debt/OPBDIT (times)	0.8	0.7	1.3
Interest coverage (times)	14.4	12.1	9.8

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Apr 08, 2025	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-Term	55.00	[ICRA]BBB+ (Stable)	Apr-04-24	[ICRA]BBB+ (Stable)	-	-	Mar-23-23	[ICRA]BBB+ (Stable)
Unallocated	Long-Term	0.00	-	-	-	-	-	Mar-23-23	[ICRA]BBB+ (Stable)
Bill discounting	Short-term	50.00	[ICRA]A2	Apr-04-24	[ICRA]A2	-	-	Mar-23-23	[ICRA]A2
Bank guarantee	Short-term	0.00	-	-	-	-	-	Mar-23-23	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based limits – Cash credit	Simple
Short term – Fund-based limits – Bill discounting	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](https://www.icra.in)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund-based limits – Cash credit	NA	NA	NA	55.00	[ICRA]BBB+ (Stable)
NA	Short term – Fund-based limits – Bill discounting	NA	NA	NA	50.00	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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