

June 30, 2025

MITC Rolling Mills Private Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|--------------------------------------|-------------------------------------|--|
| Long term – Fund based – Cash credit | 40.00 | 0.00 | - |
| Short term – Non-fund based | 20.00 | 0.00 | - |
| Long term/Short term – Fund based/Non-fund based – Unallocated limits | 0.00 | 85.00 | [ICRA]BBB+ (Stable)/[ICRA]A2+; reaffirmed and assigned for the enhanced amount |
| Total | 60.00 | 85.00 | |

*Instrument details are provided in Annexure I

Rationale

While arriving at the ratings, ICRA has considered the consolidated financials of MITC Rolling Mills Private Limited (MRMPL) along with its subsidiary, MITC Metals Private Limited (MMPL, formerly known as Shree Vaishnav Castings Private Limited), collectively referred to as the MITC Group.

The reaffirmation of the ratings considers the improvement in revenues in FY2025, backed by the addition of capacities from the acquired entity and the increase in trading sales during the year. The operating margin, however, was impacted and remained at 1.7% during FY2025 owing to subdued market conditions as metal price corrections impacted steel entities, including MRMPL. Nonetheless, the coverage metrics remained comfortable with the interest coverage at ~5 times in FY2025. In FY2026, a ramp-up of the newly enhanced capacities is likely to support the revenue to an extent and the net margins are likely to remain at 1.2-1.5%. The leverage and coverage indicators are also expected to remain comfortable owing to the lower levels of external debt.

ICRA notes that the NCLT's approval to the merger is still pending. The approval is expected over the next 1-2 months, post which MMPL would be merged with MRMPL. The ratings also draw comfort from the extensive experience of the promoters in the industry, having healthy relationships with reputed customers and suppliers.

However, the ratings are constrained by the intensely competitive nature of the thermo-mechanically treated (TMT) bar manufacturing business, resulting in pricing pressure and thin profitability, as reflected in the modest operating profit margin (OPM) of ~2%. The ratings also consider MITC's exposure to counterparty credit risks. Nonetheless, ICRA notes that the company's clientele consists of reputed real estate players, and it secures a portion of its overall sales through letters of credit, which mitigates the counterparty credit risks to some extent.

The company also remains exposed to the cyclical nature inherent in the steel and real estate industries, which is likely to keep its cash flow volatile. ICRA also understands that the company would be expanding the capacities further, which are currently at a nascent stage. Any large debt-funded capex impacting the coverage metrics would remain a key rating sensitivity.

Key rating drivers and their description

Credit strengths

Improved scale of operations and comfortable coverage metrics – MRMPL's consolidated revenues rose to Rs. 1,236.8 crore in FY2025 from Rs. 997.1 crore in FY2024, driven by increased capacities and production volumes following the acquisition and revamp of MMPL's operations. TMT sales volumes grew to 2,39,415 MT in FY2025 from 1,79,090 MT in FY2024 owing to the inclusion of trading volumes, as the company aimed to gradually acquire market share to cater to the growing capacities. The revenue is expected to continue to grow in the near term with the stabilisation of enhanced and the ramping up of the existing capacities. The capital structure also remains comfortable, with a gearing of 0.3 times as on March 31, 2025, supported by low-interest unsecured loans from promoters, which constitutes majority of the total debt.

In FY2026, a ramp-up of the newly enhanced capacities is likely to support the revenue to an extent and the net margins are likely to remain at 1.2-1.5%. The leverage and coverage indicators are also expected to remain comfortable owing to the lower levels of external debt. ICRA also understands that the company would be expanding the capacities further, which are currently at a nascent stage. Any large debt-funded capex impacting the coverage metrics would remain a key rating sensitivity.

Partly integrated operations - The company has a partially integrated facility with an induction furnace and a continuous caster to produce billets using sponge iron and scrap, which in turn are captively consumed for the production of TMT bars. Besides supporting the operating profitability, the backward integration ensures smooth raw material availability.

Extensive experience of promoters - MITC was promoted by Mr. C M Shah, who has over four decades of experience in the steel industry. MITC's day-to-day operations are managed by Mr. Atul Shah, who has around two decades of experience in the steel industry. The extensive track record of the promoters has helped the company establish healthy relationships with reputed customers and suppliers.

Credit challenges

Intense competition in TMT bar business exerts pricing pressure and results in thin profitability - MITC operates in an intensely competitive TMT bar manufacturing business. The highly fragmented nature of the business creates pricing pressure, which in turn results in thin profitability. The company's OPM remained low at ~2% in the previous fiscals. Besides, MITC's margins remain susceptible to raw material price fluctuations.

Exposure to counterparty credit risks and concentration risk - MITC's customer base primarily comprises reputed builders and construction companies operating in Maharashtra. While the company also caters to clients in the broader construction sector, real estate companies contribute 80-90% to its overall sales, indicating high customer concentration. The company generally extends a credit period of 45-60 days, which exposes it to counterparty credit risk, especially in case of delays or defaults from key clients.

Susceptible to cyclicality in real estate and steel sectors - The company's operations are vulnerable to any adverse change in the demand-supply dynamics in the real estate and steel sectors. The cyclicality inherent in both these sectors is likely to keep MITC's cash flows volatile.

Liquidity position: Adequate

MITC's liquidity position remains adequate on the back of working capital limits of Rs. 60 crore of the Group, out of which Rs. 30 crore is available for use till the NCLT approval comes in place. Of the approved WC limit, ~Rs. 26.22 crore has been utilised as on March 31, 2025, with commensurate drawing power, while there is free cash and bank balance of Rs. 1.7 crore as on March 31, 2025. As the unsecured loans would not have any fixed repayment period, the yearly repayment obligations would be limited to Rs. 4 crore from FY2026. The cash flow from operations is anticipated to increase in the near term, driven by the synergy among the entities within the Group and the expansion of capacities, further adding to the liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade MITC’s rating if there is a significant improvement in revenues and/or profitability, leading to an improvement in the debt protection metrics and liquidity position.

Negative factors – Pressure on MITC’s ratings could arise if a deterioration in its earnings weakens its financial risk profile, causing the interest coverage ratio to stay below 3.5 times on a sustained basis. The ratings may also be downgraded in case of a significant delay in ramping up the operations of the acquired entity, or if any higher than anticipated capex/investment affects the financial risk profile and the liquidity position of the company.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Iron & Steel Corporate Credit Rating Methodology |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The ratings are based on the consolidated financial profile of MITC Rolling Mills Private Limited and MITC Metals Private Limited (formerly known as Shree Vaishnav Castings Private Limited) |

About the company

MITC, incorporated in 1999, manufactures TMT bars at its facility near Nasik (Maharashtra), with an installed capacity of 1,50,000 metric tonnes per annum (MTPA). MITC has partially integrated the operations, whereby the billets required to manufacture TMT are mainly produced in-house using a mix of sponge iron and scrap as raw material. Its customer base includes reputed real estate companies and large corporates in Maharashtra. Besides TMT bars, MITC operates a foundry division and manufactures cast iron castings of various grades and sizes. In addition to this, MITC Metals has a manufacturing capacity of 450 tonnes per day.

Key financial indicators

| MITC - Consolidated | FY2024 | FY2025* |
|--|--------|---------|
| Operating income | 997.1 | 1236.8 |
| PAT | 50.5 | 18.9 |
| OPBDIT/OI | 4.2% | 1.7% |
| PAT/OI | 5.1% | 1.5% |
| Total outside liabilities/Tangible net worth (times) | 0.6 | 0.6 |
| Total debt/OPBDIT (times) | 1.7 | 3.8 |
| Interest coverage (times) | 8.2 | 5.2 |

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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

| Instrument | Current (FY2026) | | | | Chronology of rating history for the past 3 years | | | | | |
|--|----------------------|--------------------------|---------------|--------------------------------|---|--------|--------------|-----------------------|--------------|-----------------------|
| | FY2026 | | | | FY2025 | | FY2024 | | FY2023 | |
| | Type | Amount rated (Rs. crore) | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| Cash credit | Long term | 0.00 | June 30, 2025 | - | - | - | Apr 14, 2023 | [ICRA]BBB+ (Negative) | Apr 07, 2022 | [ICRA]BBB+ (Negative) |
| | | | | | | | Mar 21, 2024 | [ICRA]BBB+ (Stable) | | |
| Non-fund based | Short term | 0.00 | June 30, 2025 | - | - | - | Apr 14, 2023 | [ICRA]A2+ | Apr 07, 2022 | [ICRA]A2+ |
| | | | | | | | Mar 21, 2024 | [ICRA]A2+ | | |
| Fund based/Non-fund based – Unallocated limits | Long term/Short term | 85.00 | June 30, 2025 | [ICRA]BBB+ (Stable)/ [ICRA]A2+ | - | - | - | - | - | - |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|----------------------|
| Long term/Short term – Fund based/Non-fund based – Unallocated limits | Not Applicable |

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](#)

Annexure I: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|------|---|------------------|-------------|----------|--------------------------|-----------------------------------|
| NA | Long term/Short term – Fund based/Non-fund based – Unallocated limits | NA | NA | NA | 85.00 | [ICRA]BBB+ (Stable)/ [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

| Company name | Consolidation approach |
|---|------------------------|
| MITC Rolling Mills Private Limited | Full consolidation |
| MITC Metals Private Limited (formerly known as Shree Vaishnav Castings Private Limited) | Full consolidation |

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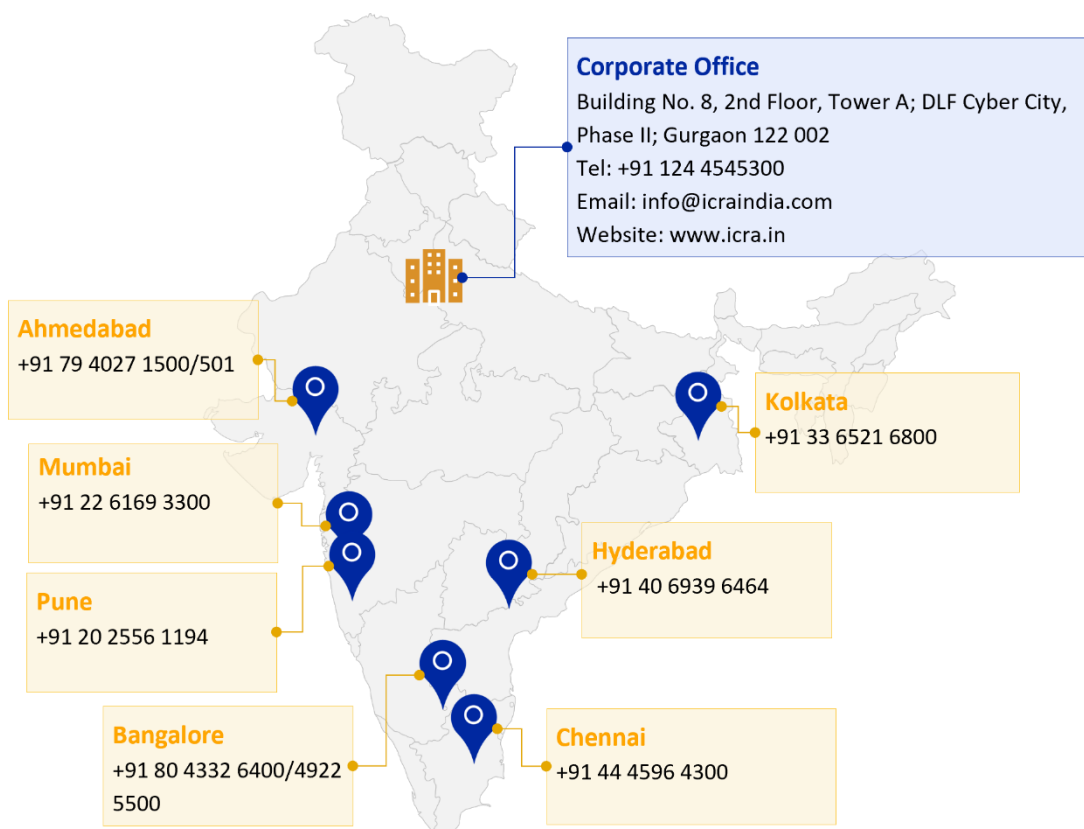
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