July 21, 2025

Minera Steel and Power Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term –Fund based -Term loan	70.38	48.96	[ICRA]A+(Stable); reaffirmed
Long term –Fund based - Cash credit	48.00	48.00	[ICRA]A+(Stable); reaffirmed
Short term – Non-fund based	201.00	157.03	[ICRA]A1; reaffirmed
Long term/Short term – Unallocated limits	10.62	76.01	[ICRA]A+(Stable)/ [ICRA]A1; reaffirmed
Total	**330.00**	**330.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings consider the experience of over 15 years of the promoters of Minera Steel and Power Private Limited (MSPPL) in the iron and steel manufacturing industry. The long experience of the promoters in the industry and the company's established operational track record has helped MSPPPL develop a strong customer base over the years. The ratings continue to derive comfort from MSPPL's vertically integrated continuous casting steel manufacturing facility with a capacity of 8,00,000 MTPA of pellets, 1,50,000 MTPA of sponge iron, 1,50,000 MTPA of billets along with a 15.25-MW captive power generation plant. Besides, the company has already operationalised both its captive iron ore mines having a cumulative capacity of 4,96,000 MTPA. While these mines have been won at a premium of 59.5% (for Nidhi mines) and 107.5% (for Auro mines), they are still expected to generate sizeable structural savings, largely emanating from the savings in logistics costs given the proximity of the mines to the end-use plant. Once the mines reach their peak rated capacity, MSPPL is expected to meet 50-55% of its total iron ore requirement captively. The vertically integrated nature of operations enhances the cost competitiveness of the company and partly shields it from the cyclicity inherent in the steel industry. Notwithstanding the share buyback of FY2025, the company's net worth base remains healthy. The healthy net worth, coupled with a moderate debt, has led to a comfortable capital structure, reflected in a gearing of 0.4 times as on March 31, 2025. While weaker product spreads significantly lowered the earnings in FY2025, the credit indicators remained healthy with the interest coverage at 5.9 times and total debt/OPBDITA at 1.5 times, though these had moderated from the FY2024 level.

In the current fiscal, MSPPL has earmarked capex to set up a 13.2-MW solar power plant that will be partly debt funded, but ICRA expects the company's credit indicators to remain comfortable. Once operational, the total power requirement met through captive sources would increase significantly and enable sizeable cost savings, going forward.

The ratings remain constrained by the company's exposure to the cyclicality inherent in the steel industry and the susceptibility of its profitability to the volatility in raw material prices and end-product realisations. The ratings also factor in the risks associated with the company's geographical concentration in the southern region of India along with its exposure to regulatory intervention as any unfavourable change in Government policy may impact its raw material availability and the price of finished products.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's credit metrics would continue to be comfortable, going forward, aided by steady accruals and moderate dependence on debt.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters –MSPPL was established in 2011 and has a track record of more than 15 years in the iron and steel manufacturing industry. The company has been able to develop a strong customer base over the years on the back of the extensive experience of the promoters in the industry and its established operational track record. ICRA also notes the company's established trade relationship with clients, which has enabled it to get repeat business over the years.

Comfortable financial risk profile, characterised by healthy credit metrics – Notwithstanding the share buyback of FY2025, the company's net worth base remains healthy. The healthy net worth, along with the moderate debt, has led to a comfortable capital structure, reflected in a gearing of 0.4 times as on March 31, 2025 While weaker product spreads significantly lowered the earnings in FY2025, the credit indicators remained healthy with the interest coverage at 5.9 times and total debt/OPBDITA at 1.5 times, though these had moderated from the FY2024 level.

Vertically integrated nature of operations – The company has a vertically integrated continuous casting steel manufacturing facility with a capacity of 8,00,000 MTPA of pellets, 1,50,000 MTPA of sponge iron, 1,50,000 MTPA of billets along with a 15.25-MW captive power generation plant. Besides, the company has already operationalised both its captive iron ore mines having a cumulative capacity of 4,96,000 MTPA. While these mines have been won at a premium of 59.5% (for Nidhi mines) and 107.5% (for Auro mines), they are still expected to generate sizeable structural savings, largely emanating from the savings in logistics costs given the proximity of the mines to the end-use plant. Once the mines reach their peak rated capacity, MSPPL is expected to meet 50-55% of its total iron ore requirement captively.

Credit challenges

Susceptible to volatility in profits, given the cyclicality inherent in the steel industry – The steel industry is cyclical in nature, which is likely to result in volatile cash flows for steel players, including Minera. The company's cash flows and profitability would remain volatile because of the fluctuation in spreads emerging from the mismatch in the price movement of raw materials and end products. Nevertheless, the company's efficient cost structure emanating from its modest level of integration partly reduces the susceptibility of its profitability to the downturns in the steel industry.

Vulnerable to regulatory risks – The company is present in iron ore mining, which is a highly regulated industry, exposing it to risks arising from any unfavourable change in Government policy and the consequent impact on raw material availability. Besides, the company remains exposed to volatility in the prices of finished products as a result of regulatory intervention by the Government, such as imposition of export duties, etc.

Exposed to geographical concentration risk – The company's operations are mainly concentrated in the southern region, exposing it to geographical concentration risk. A slowdown in steel demand in its key addressable markets in the southern region could result in an overall decline in its revenues and profits in the future.

Liquidity position: Adequate

MSPPL's liquidity position remains adequate with undrawn working capital lines of ~Rs. 109 crore as on March 31, 2025 and healthy retained cash flows of Rs. 100-110 crore expected in the current fiscal. Notwithstanding the capex plans towards the setting up of a 13.2-MW solar power plant in the current fiscal which will be partly debt funded, MSPPL's liquidity would continue to be comfortable, going forward.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company is able to significantly improve its revenues and profitability, supported by a ramp-up of operations of the captive iron mines, while maintaining comfortable leverage and liquidity position.

An increase in the share of value-added/finished steel products strengthening the business risk profile would also remain a key factor for an upgrade.

Negative factors – Any significant debt-funded capex or a fall in earnings, resulting in a deterioration of the debt protection metrics, can exert pressure on the ratings. A specific credit metric weighing on the ratings would be a total debt/OPBDITA of more than 1.5 times on a sustained basis.

Analytical approach

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

About the company

The company was established in 2006 as KMMI Steel Private Limited and renamed as Minera Steel & Power Private Limited in February 2011. It is an integrated steel plant, which manufactures MS billets, sponge iron and pellets and has a captive power plant of 12 MW. It has its works location in the Bellary district of Karnataka and a registered office in Bengaluru. The company is promoted by Mr. H. Noor Ahmed and is managed by his son Mr. Tanveer Ahmed and a professional team. The current capacity of Minera is 8 lakh metric tonnes per annum (MTPA) for pellets, 1,50,000 MTPA for sponge iron and 1,50,000 MTPA for billets.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	1506.9	1382.7
PAT	110.6	68.1
OPBDIT/OI	11.8%	9.4%
PAT/OI	7.3%	4.9%
Total outside liabilities/Tangible net worth (times)	0.5	0.7
Total debt/OPBDIT (times)	0.9	1.5
Interest coverage (times)	11.7	5.9

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

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)**	**Jul 21, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term loan	Long term	48.96	**[ICRA]A+ (Stable)**	Apr 02, 2024	[ICRA]A+ (Stable)	Jan 30, 2024	[ICRA]A+ (Stable)	Mar 31, 2023	[ICRA]A (Stable)
				-	-	-	-	Sep 30, 2022	[ICRA]A (Stable)
Non-fund based	Short term	157.03	**[ICRA]A1**	Apr 02, 2024	[ICRA]A1	Jan 30, 2024	[ICRA]A1	Mar 31, 2023	[ICRA]A1
				-	-	-	-	Sep 30, 2022	[ICRA]A1
Cash credit	Long term	48.00	**[ICRA]A+ (Stable)**	Apr 02, 2024	[ICRA]A+ (Stable)	Jan 30, 2024	[ICRA]A+ (Stable)	Mar 31, 2023	[ICRA]A (Stable)
				-	-	-	-	Sep 30, 2022	[ICRA]A (Stable)
Unallocated limits	Long term/Short term	76.01	**[ICRA]A+(Stable)/ [ICRA]A1**	Apr 02, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Jan 30, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Mar 31, 2023	[ICRA]A (Stable)/ [ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Term loan	Simple
Long term – Fund based - Cash credit	Simple
Short term – Non-fund based	Very Simple
Long term/Short term – 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	Term loan	Jul-2016	-	Mar-2026	48.96	[ICRA]A+ (Stable)
NA	Cash credit	-	-	-	48.00	[ICRA]A+ (Stable)
NA	Non-fund based	-	-	-	157.03	[ICRA]A1
NA	Unallocated limits	-	-	-	76.01	[ICRA]A+ (Stable)/ [ICRA]A1

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

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Vikram V
+91 40 4547 4829
vikram.v@icraindia.com

Sumit Jhunjhunwala
+91 33 6521 6814
sumit.jhunjhunwala@icraindia.com

Deepayan Ghosh
+91 33 6521 6804
deepayan.ghosh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches