October 10, 2025

API Ispat and Powertech 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 working capital limits	65.50	65.50	[ICRA]AA- (Stable); reaffirmed
Short term – Non-fund based limits	95.00	95.00	[ICRA]A1+; reaffirmed
Long term / Short term – Unallocated Limit	0.50	0.50	[ICRA]AA- (Stable) /[ICRA]A1+; reaffirmed
Total	**161.00**	**161.00**	

**Instrument details are provided in Annexure I*

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of the operational and financial profiles of Real Ispat & Power Limited (RIPL) along with three other Group companies -API Ispat and Powertech Private Limited (API; rated at [ICRA]AA-/Stable and [ICRA]A1+), Shivalay Ispat and Power Private Limited (SIPPL) and Real Ispat and Energy Private Limited (RIEPL; rated at [ICRA]AA-/Stable and [ICRA]A1+) – given the managerial, operational and financial linkages among these Group companies. Earlier, ICRA had also considered Ajay Steels Private Limited (ASPL) in the consolidated view. However, post closure of the bank lines in ASPL, ICRA has withdrawn the ratings of ASPL and has not considered the same for the consolidated view in the current exercise.

The rating reaffirmation continues to consider the long track record of the Real Group in the steel business as well as the Group's integrated nature of operations with operational linkages among the Group companies. Besides, the presence of captive power plants (CPPs) positively impacts the cost structure. ICRA notes the proximity of the Group's plants to iron ore and coal mines, which renders raw material security. The ratings also draw comfort from the Group's healthy financial profile, reflected in its healthy cash accruals, a comfortable capital structure and strong debt coverage indicators on a consolidated basis. In FY2025, the average steel realisations moderated, which impacted the operating profits to an extent with the Group reporting a consolidated OPBITDA of ~Rs. 333 crore vis-à-vis ~Rs. 347 crore in FY2024. The leverage and coverage indicators, despite moderation, remained healthy with TD/OPBIDTA of 1.0 times and interest coverage of 20.0 times in FY2025.

In FY2026, the Group's sales volumes are expected to remain healthy on the back of steady demand expected from the end-user industries. However, the sales realisation remained muted in the current fiscal, primarily in Q2 FY2026. As a result, the movement in steel prices in the second half of the current fiscal would be crucial in determining the overall margins of the Group during FY2026. The operating margin is expected to be around 10-10.5% in FY2026, resulting in healthy accruals and debt coverage indicators for the Group.

Apart from that, the ongoing capex in RIEPL to enhance backward integration and fully integrate the Group's operations, is likely to be completed in the current fiscal, which is expected to improve the cost structure going forward. So far, RIEPL has commissioned a direct reduced iron (DRI) plant of 2,00,000 tpa and a 20-MW waste heat recovery (WHR) CPP in March 2024 and an 8,00,000-tpa pellet plant in September 2025. The balance capex on DRI and CPP is expected to be completed in January 2026, which once commissioned is likely to strengthen the operating profile of the Group. The entire project in RIEPL has the potential to generate annual savings of Rs 150 crore on a steady basis at the Group level, through reducing the Group's dependence on external pellets and iron ore lumps as well as power requirements. ICRA also notes that the overall capex costs have remained unchanged at Rs 850 crore, out of which the Group has taken bank loans of Rs 200 crore, and the balance was funded internally. In addition, the Group has set up renewable power capacity of 50 MW in API by incurring a capital cost of ~Rs 170 crore. The same will further result in power cost savings for the Group.

ICRA also notes that investment in group entities unrelated to steel business has increased to ~Rs 306 crore as on 31st March 2025. Any further large investment in those ventures impacting the liquidity position of the Group would remain a key rating monitorable. Further, the ratings will continue to be constrained by the Group's exposure to the cyclicality inherent in the steel industry, competitive nature as well as the price and supply risks associated with key raw materials. ICRA expects incremental cost savings, and an increased scale of operations from its newly commissioned facilities to keep the Group's consolidated cash flows strong relative to its debt service obligations.

The Stable outlook on the long-term rating reflects ICRA's expectations of continued healthy operating performance and increased savings from the newly commissioned facilities, which will generate healthy cash flows relative to debt servicing, going forward.

Key rating drivers and their description

Credit strengths

Long track record of the Group in steel business – The Real Group has an experience of more than two decades in the steel manufacturing business. Its finished goods brands (GK TMT rebar and real wires) have an established market presence and acceptability among large institutional clients as well as retail consumers. The Group's scale of operation has grown consistently over the past few years through inorganic and brownfield expansion. It acquired API in FY2015 and subsequently added significant capacities in RIPL as well as API, which strengthened the Group's market presence.

Integrated nature of operations with operational linkages among Group companies; ongoing greenfield capex in RIEPL to further enhance backward integration - The Group primarily sells TMT bars, wire rods and wires, which are relatively value-added products. The intermediate products (sponge iron and billets) are mainly consumed internally within the Group. The Group's steel-melting operation is highly power intensive. However, the power generated from the CPPs (65.5 MW, including 48.5 MW through waste-heat recovery) at a cheap rate meets a significant portion of the Group's total power requirement, reducing the overall production cost. The Group companies source intermediate raw materials and power from each other. The vertical integration in operation and the operational linkages among the Group companies positively impact the Group's overall cost structure. The ongoing greenfield capex in RIEPL would enhance the backward integration in the Group's operations and increase the overall CPP and pellet capacity. This is likely to positively impact the Group's consolidated profitability after successful stabilisation of the key project facilities.

Proximity to domestic raw material sources and bulk import of coal enhance raw material security – The steel manufacturing facilities of the Group are in proximity to the sources of key raw materials, iron ore and non-coking coal, leading to relatively lower landed cost and raw material security. The Group procures iron ore mainly from the National Mineral Development Corporation (NMDC) and procures a portion of coal from South-Eastern Coalfields Limited (SECL) through linkages. In addition to the procurement of coal through auctions from nearby mines, the centralised import of higher quality coal in bulk volumes through ASPL mitigates the coal availability risks. The Group's dependence on the external purchase of the intermediate raw materials like iron ore pellets, sponge iron and ferro alloys will reduce significantly after the commissioning of all the facilities in the ongoing greenfield capex in RIEPL and further improves the integration nature of the operations.

Robust financial profile of the Real Group - The Group's financial risk profile remained healthy as reflected in its healthy cash accruals, a comfortable capital structure and strong debt coverage indicators on a consolidated basis. In FY2025, the average steel realisations moderated, which impacted the operating profits to an extent with the Group reporting a consolidated OPBITDA of ~Rs. 333 crore vis-à-vis ~Rs. 347 crore in FY2024. The leverage and coverage indicators, despite moderation, remained healthy with TD/OPBIDTA of 1.0 times and interest coverage of 20.0 times in FY2025.
In FY2026, the Group's sales volumes are expected to remain healthy on the back of steady demand expected from the end-user industries. However, the sales realisation remained muted in the current fiscal, primarily in Q2 FY2026. As a result, the movement in steel prices in the second half of the current fiscal would be crucial in determining the overall margins of the

Group during FY2026. The operating margin is expected to be around 10-10.5% in FY2026, resulting in healthy accruals and debt coverage indicators for the Group.

Credit challenges

Exposed to cyclicality inherent in the steel industry – The steel industry is characterised by its inherent cyclicality. This is likely to keep the profitability and cash flows of all the players in the industry, including Real Group, volatile. In the past, owing to volatility in raw material costs and steel prices, the margins were impacted. In FY2025, the decline in sales realisation relative to drop in raw material cost impacted the OPBDITA/MT to ~Rs 4470/MT compared to Rs 4757/MT achieved in FY2024.

Susceptibility of profitability to volatility in raw material prices and price competition - Despite improving raw material coverage, the Group's profitability remains susceptible to volatility in raw material requirements as it remains dependent on external purchases for its iron ore as well as thermal coal requirements. Any large fluctuation in raw material prices is likely to adversely impact the profitability. In FY2025, the decline in Iron ore prices were lower compared to the decline in steel prices impacting the steel spreads for TMT players including Real Group

Liquidity position: Adequate

The Group's liquidity position is likely to remain adequate. Its cash flow from operations is expected to remain healthy at more than ~Rs. 350 crore in FY2026. Such a healthy cash flow from operations and sizeable undrawn working capital limits are likely to keep the Group's liquidity adequate despite the sizeable outflow of ~Rs.300 crore expected in FY2026 for the ongoing capex. The Group has around Rs 45 crore repayment as long-term loan repayment obligation in FY2026 and its reliance on external debt to fund the capex, if any, would remain limited due to healthy cash flows and financial flexibility of the promoter Group. the promoter Group.

Rating sensitivities

Positive factors – ICRA may upgrade the long-term rating if the Group's consolidated revenue and cash flows register a significant growth with an improvement in the profit margins and healthy liquidity position.

Negative factors – Pressure on the ratings may arise if a deterioration in steel demand and realisations affects the Group's revenues and cash accruals significantly. A decline in the company's interest coverage to below 7.0 times on a sustained basis may also trigger ratings downgrade

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of the Group entities (as mentioned in Annexure-II), given the close business, financial and managerial linkages among them

About the company

API Ispat and Powertech Private Limited (API), incorporated in 2004, was acquired by the Raipur-based Real Group in October 2014 to strengthen the vertical integration within the Group and increase the group's overall capacity. API is a 100% subsidiary of RIPL. The company's plant is located at the Industrial Area, Raipur, Chhattisgarh. At present, the company has facilities for manufacturing sponge iron (210,000 tpa), billet (368,400 tpa), thermo-mechanically treated (TMT) bar/wire rod (393,801 tpa) and hard bright (HB) wire (145,250 tpa). API also has CPP of 25 mega watt (MW), out of which 15 MW is based on WHR technology and the balance 10 MW is based on AFBC technology. Currently the company is manufacturing wire rod only from the rolling mill.

RIPL is the flagship company of the Chhattisgarh-based Real Group. SIPPL is a wholly-owned subsidiary of RIPL, while around 100% equity shares of API is held by RIPL. RIPL holds around 19% share in ASPL, while ASPL has a shareholding of around 15% in RIPL. The Real Group has a total capacity to manufacture sponge iron of 5,60,000 tpa, mild steel billet of 7,68,400 tpa, TMT bar/wire rod of 7,93,801 tpa, steel wires of 2,45,250 tpa along with captive power plants of ~66 MW. The Group is undertaking a greenfield capex under RIEPL, which is a wholly-owned subsidiary of RIPL.

Key financial indicators (audited)

	Standalone		Consolidated^	
API	**FY2024**	**FY2025***	**FY2024**	**FY2025***
Operating income	1739.0	1806.5	3485.2	3237.1
PAT	140.1	124.0	255.6	214.2
OPBDIT/OI	10.3%	10.3%	10.0%	10.3%
PAT/OI	8.1%	6.9%	7.3%	6.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.2	0.2	0.3
Total debt/OPBDIT (times)	0.1	0.3	0.1	1.0
Interest coverage (times)	68.7	35.7	22.4	19.9

*Source: Company, ICRA Research; * Provisional numbers; ^ as per ICRA's estimates; 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)**	**Oct 10,2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Cash credit	Long term	65.50	[ICRA]AA-(Stable)	Oct 10, 2024	[ICRA]AA-(Stable)	Jul 03, 2023	[ICRA]AA-(Stable)	Jun 16, 2022	[ICRA]AA-(Stable)
						Apr 06, 2023	[ICRA]AA-(Stable)		
Letter of credit	Short term	95.00	[ICRA]A1+	Oct 10, 2024	[ICRA]A1+	Jul 03, 2023	[ICRA]A1+	Jun 16, 2022	[ICRA]A1+
						Apr 06, 2023	[ICRA]A1+		
Unallocated limit	Long/ Short term	0.50	[ICRA]AA-(Stable)/ [ICRA]A1+	Oct 10, 2024	[ICRA]AA-(Stable)/ [ICRA]A1+	Jul 03, 2023	[ICRA]AA-(Stable)/ [ICRA]A1+	Jun 16, 2022	[ICRA]AA-(Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based (Cash credit)	Simple
Short term – Non-fund based (Letter of credit)	Very simple
Long-term/short term–Unallocated Limit	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	Cash credit	-	-	-	65.50	[ICRA]AA- (Stable)
NA	Letter of credit	-	-	-	95.00	[ICRA]A1+
NA	Unallocated limit	-	-	-	0.50	[ICRA]AA- (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

Company Name	API Ownership	Consolidation Approach
API Ispat and Powertech Private Limited	-	Full Consolidation
Shivalay Ispat and Power Private Limited	-	Full Consolidation
Ajay Steels Private Limited	-	Full Consolidation
Real Ispat and Energy Private Limited^	-	Full Consolidation

Source: company

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