

January 16, 2026

SUVIDHI ISPAT PRIVATE LIMITED: Rating assigned

Summary of rating action

| Instrument* | Current rated amount (Rs. crore) | Rating action |
|---|-------------------------------------|-----------------------------|
| Long term - Fund based – Cash credit | 36.00 | [ICRA]A- (Stable); assigned |
| Long term - Fund based – Term loan | 24.77 | [ICRA]A- (Stable); assigned |
| Long term - Fund based – Unallocated limits | 0.23 | [ICRA]A- (Stable); assigned |
| Total | 61.00 | |

*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 Suvldhi Ispat Private Limited (SIPL) and Pushp Steels and Mining Pvt Ltd (PSMPL), collectively referred to as the Group, given the managerial, operational and financial linkages among these Group companies.

The rating action factors in the Group's semi-integrated operating profile stemming from access to captive iron ore in PSMPL, logistics advantages arising from SIPL's plant proximity to the mines and the commissioning of a 25-MW WHRB-based captive power plant. These factors support the Group's cost structure and have resulted in higher margins compared to a non-integrated sponge iron manufacturer. In FY2025, the consolidated revenue increased to Rs. 281 crore, reflecting a YoY increase of ~17%, driven primarily by a ~33% increase in sponge iron sales volume, despite a decline in average realisations in line with the prevailing market trends. The overall OPBDITA increased to ~Rs. 133 crore from ~Rs. 113 crore in FY2024. In 8M FY2026, the Group reported a revenue of ~Rs. 151 crore with an OPBDITA of ~Rs. 72 crore. For the full fiscal, the consolidated revenue and OPBDITA is expected to remain broadly at FY2025 levels, with the sales volume likely to improve following the completion of the capacity enhancement in January 2025. Healthy profitability coupled with a low debt position is expected to support the leverage and coverage metrics in FY2026. The liquidity is also expected to remain adequate, with a current bank and liquidity position of ~Rs. 110 crore.

The rating action also draws comfort from the long experience of the promoters in mining and secondary steel production. The iron ore mining lease held by PSMPL is valid up to 2068, with proven sufficient reserves. The current iron ore production capacity stands at ~4 lakh tonne per annum. While the company has applied for an enhancement in the mining capacity to 1.2 MTPA, it remains subject to the receipt of environmental clearance.

The rating remains constrained by the Group's exposure to regulatory risks inherent in the highly regulated mining sector, as well as the cyclical nature associated with the steel industry. Any adverse changes in mining policies by the Government could impact the revenue growth and profitability. Further, the Group derives a significant portion of its consolidated profits from a single mine in Chhattisgarh, exposing the company to mine-specific production disruptions like floods/natural calamities, labour unrest and regulatory actions, which heighten the risk of volatility in cash flows.

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, supported by its cost-efficient operating structure.

Key rating drivers and their description

Credit strengths

Long experience of promoters with established presence in mining and sponge iron production - The promoters have over three decades of experience in the iron and steel industry, which has supported the company in establishing stable customer relationships. The Group's backward integrated operations further support the cost structure. PSMPL owns an iron ore mine in the Kanker district of Chhattisgarh with estimated sufficient reserves and a mining lease valid till 2068, in addition to its existing sponge iron manufacturing capacity. ICRA takes comfort from the sizeable reserves, long residual validity of the mining licence and the established presence of the company in the mining industry.

Semi-integrated operating model and captive resources; capacity addition supporting scale and cost efficiencies - The Group operates on a semi-integrated operating structure, wherein PSMPL supplies the iron ore, which is consumed both internally at PSMPL's sponge iron unit and at SIPL's sponge iron facility. The Group has enhanced SIPL's sponge iron capacity to 3,50,000 TPA, thereby increasing the internal consumption of the captive iron ore produced. The cost structure continues to benefit from the captive iron ore availability, logistics advantages arising from the proximity of SIPL's plant to the mines and the 25-MW WHRB-based captive power plant. These factors support the Group's cost structure and have resulted in higher margins compared to a non-integrated sponge iron manufacturer.

Healthy financial risk profile - The company's financial profile remains healthy with moderate external debt, robust cash accruals, low gearing levels and comfortable debt protection metrics. In FY2025, the consolidated revenue increased to Rs. 281 crore, reflecting a YoY increase of ~17%, driven by a ~33% rise in sponge iron sales volume, despite a decline in the average realisations in line with the prevailing market trends. The overall OPBDITA increased to ~Rs. 133 crore from ~Rs. 113 crore in FY2024. In 8M FY2026, the Group reported a revenue of ~Rs. 151 crore with an OPBDITA of ~Rs. 72 crore. For the full fiscal, the consolidated revenue and OPBDITA is expected to remain broadly at FY2025 levels, with the sales volume likely to improve following the completion of the capacity enhancement in January 2025. Healthy profitability coupled with a low debt position is expected to support the leverage and coverage metrics in FY2026. The liquidity is also expected to remain adequate, with current bank and liquidity position of ~Rs. 110 crore.

Credit challenges

Regulatory risk in mining and approval timeliness - The Group remains exposed to regulatory risks inherent in iron ore mining operations in India, given the highly regulated nature of the sector. Historically, periodic tightening of the mining regulations has increased the compliance requirements for mining entities, including PSMPL. Further, the Supreme Court verdict passed in August 2024, giving the states the power to levy taxes on mineral rights and mineral bearing land applicable on a retrospective basis could impact the operating cost structure of mining companies, if implemented by the respective states.

Steel sector cyclicity and price volatility - The steel industry is characterised by its inherent cyclicity, leading to volatility in profitability and cash flows for all the industry players, including SIPL. A slowdown in global steel demand could exert pressure on steel prices, going forward. However, the domestic steel demand is likely to remain resilient in the near term. Nonetheless, the domestic realisations remained sluggish in the current fiscal owing to a supply glut. Any sustained downturn in prices could impact the performance of the steel entities, including SIPL.

Exposure to asset concentration risk - The entity derives bulk of its consolidated profits from its single mine in Chhattisgarh, exposing the company to mine-specific production disruptions like floods/natural calamities, labour unrest and regulatory actions, which heighten the risk of volatility in cash flows.

Liquidity position: Adequate

The liquidity position of the company remains adequate with cash accruals of over ~Rs. 107 crores from business operations in FY2025. The company has a planned capital expenditure of approximately Rs. 6 crores in FY2026 for the beneficiation plant,

in addition to normal capex requirement. The scheduled debt repayments of around Rs. 5.31 crore during the same period. The cushion available in the working capital limits has also improved in recent months with an average utilisation of less than 2% in the last 6 months.

Rating sensitivities

Positive factors – A significant scaling up of the operations while maintaining healthy profitability, debt coverage indicators and liquidity will favour an upgrade.

Negative factors – Pressure on the company’s ratings may arise due to a significant weakening of the earnings, adversely impacting the leverage and coverage indicators. Any large debt-funded capex/acquisition, significantly weakening the liquidity position, could also result in a downgrade. A specific trigger for downgrade would be a consolidated total debt/OPBDITA of more than 2.0 times on a sustained basis.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Iron & Steel Mining |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | ICRA has taken a consolidated view of the operational and financial profiles of Suidhi Ispat Private Limited (SIPL) and Pushp Steels and Mining Pvt Ltd (PSMPL), given the managerial, operational and financial linkages among these companies |

About the company

Suidhi Ispat Private Limited (SIPL) was incorporated in 2019 as a wholly-owned subsidiary of Pushp Steels and Mining Pvt. Ltd. (PSMPL). SIPL is engaged in the manufacturing of sponge iron and has a captive power plant. SIPL operates a sponge iron manufacturing facility at Durg, Chhattisgarh. The company is promoted by Mr. Atul Jain and his family.

The installed capacity of the sponge iron facility is ~3,50,000 MT, which was enhanced from 66,000 MT during January 2025. The company has also commissioned a 25-MW waste heat recovery (WHR)-based power plant as part of the expansion plans. However, the company is in the process of commissioning the iron ore beneficiation plant to enrich the iron ore mining output.

Under parent entity PSMPL, the Group has iron ore mining capacity, where environmental clearance is available for mining up to 4 lakh MT. PSMPL has also one sponge iron plant, the capacity of which is around 30,000 MT at present. There are no expansion plans in the sponge iron plant, Earlier the iron content was of better quality, but in recent years the quality has deteriorated and the current output average Fe content is around 50%.

Key financial indicators (audited)

| SIPL (consolidated) | FY2024 | FY2025 | 8M FY2026* |
|--|--------|--------|------------|
| Operating income | 240.5 | 280.8 | 151.1 |
| PAT | 81.3 | 92.4 | 39.3 |
| OPBDIT/OI | 47.0% | 47.4% | 48.1% |
| PAT/OI | 33.8% | 32.9% | 26.0% |
| Total outside liabilities/Tangible net worth (times) | 0.4 | 0.3 | - |
| Total debt/OPBDIT (times) | 0.6 | 0.4 | - |
| Interest coverage (times) | 59.1 | 65.0 | 50.1 |

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

| SIPL (standalone) | FY2024 | FY2025 | 8M FY2026* |
|--|--------|--------|------------|
| Operating income | 176.4 | 230.9 | 137.8 |
| PAT | 41.6 | 52.4 | 22.2 |
| OPBDIT/OI | 33.1% | 34.1% | 36.3% |
| PAT/OI | 23.6% | 22.7% | 16.1% |
| Total outside liabilities/Tangible net worth (times) | 0.9 | 0.5 | - |
| Total debt/OPBDIT (times) | 1.9 | 1.0 | - |
| Interest coverage (times) | 15.8 | 14.2 | 13.1 |

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:

| Other agency name | Rating | PR date |
|-------------------|---|--------------|
| CRISIL | Crisil BB+ /Stable (ISSUER NOT COOPERATING*; Migrated from 'Crisil BBB/Stable') | Sep 25, 2025 |

Source: Crisil PR

Any other information: None

Rating history for past three years

| Current (FY2026) | | | | Chronology of rating history for the past 3 years | | | | | | | |
|--------------------|-----------|--------------------------|--------------|---|------|--------|------|--------|------|--------|--|
| | | | | FY2026 | | FY2025 | | FY2024 | | FY2023 | |
| Instrument | Type | Amount rated (Rs. crore) | Date | Rating | Date | Rating | Date | Rating | Date | Rating | |
| Cash credit | Long term | 36.00 | Jan 16, 2026 | [ICRA]A-(Stable) | - | - | - | - | - | - | |
| Term loan | Long term | 24.77 | Jan 16, 2026 | [ICRA]A-(Stable) | - | - | - | - | - | - | |
| Unallocated limits | Long term | 0.23 | Jan 16, 2026 | [ICRA]A-(Stable) | - | - | - | - | - | - | |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|----------------------|
| Long term - Fund based – Cash credit | Simple |
| Long term - Fund based – Term loan | Simple |
| Long term - 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 - Fund based – Cash credit | NA | NA | NA | 36.00 | [ICRA]A- (Stable) |
| NA | Long term - Fund based – Term loan | July 2023 | - | FY2031 | 24.77 | [ICRA]A- (Stable) |
| NA | Long term - Fund based – Unallocated limits | NA | NA | NA | 0.23 | [ICRA]A- (Stable) |

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 | Ownership | Consolidation approach |
|---------------------------------|-----------|------------------------|
| Pushp Steels and Mining Pvt Ltd | 100.00% | Holding company |

Source: Annual Report

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