

March 31, 2025

Minex Melt Treatment Private Limited: [ICRA]BBB+ (Stable)/[ICRA]A2 assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund-based limits – Cash credit	35.00	[ICRA]BBB+ (Stable); assigned
Long term/Short term – Fund-based/Non-fund based - Interchangeable limits	(35.00)	[ICRA]BBB+ (Stable)/ [ICRA]A2; assigned
Long term/Short term - Unallocated limits	10.00	[ICRA]BBB+ (Stable)/ [ICRA]A2; assigned
Total	45.00	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to Minex Melt Treatment Private Limited (MMTPL) factor in its strong market position, cost-efficient operations, and stable profitability. The company holds a 40% market share in the domestic cored wire segment, though its absolute scale remains modest due to the limited size of its addressable market. Moreover, its low capacity utilisation of 50–60% over the past six to seven years provides headroom for growth without significant capex, supporting free cash flow generation. The cored wired business has also demonstrated resilience across business cycles, consistently reporting profits from FY2020 to H1 FY2025, supported by a favourable cost structure. Additionally, its reputed customer base, including JSW Steel, Jindal Steel & Power, and Tata Steel, ensures revenue visibility and mitigates the counterparty credit risks to an extent. MMTPL is the flagship company of the Minex Group (consisting of MMCL, MMTPL and MMPL). In ICRA's view, given its strategic importance, the Minex Group is expected to extend need-based financial support to MMTPL out of its need to protect its reputation from a group entity's distress.

The ratings, however, remain constrained by MMTPL's sizable dependence on imported raw materials, which constitute ~80% of its operating income, exposing it to price volatility and thereby impacting the margins. Moreover, its business remains working capital-intensive, with a high NWC/OI ratio of 42% in H1 FY2025 due to the long inventory holding, making efficient working capital management a key driver determining the business performance. The company's limited product diversification further heightens its vulnerability to demand fluctuations and downturns in the steel industry, as the revenue is concentrated in cored wire and cored wire feeders. Additionally, the risk of technological obsolescence could affect its competitive positioning and long-term growth prospects.

The Stable outlook on the long-term rating reflects ICRA's view that MMTPL's credit metrics and liquidity position are expected to remain comfortable, supported by calibrated capital expenditure plans, low debt servicing obligations and access to need-based financial support from the Minex Group.

Key rating drivers and their description

Credit strengths

Operational and managerial linkages with Minex Group; expectation of need-based financial support from Group – The Minex Group is promoted by Mr. S. B. Misra, who has an experience of about five decades in the field of metals and manufacturing. The operational and managerial linkages demonstrated across its three entities - MMCL, MMTPL and MMPL – after the demerger offer comfort. ICRA notes that these three entities also have a mirror shareholding. ICRA expects the Minex Group to provide need-based financial support to MMTPL out of its need to protect its reputation from a group entity's distress.

Sizeable surplus capacity along with limited fixed capital intensity to support free cash flows – The company’s capacity utilisation levels for the cored wire division have remained low in the range of 50-60% over the last six to seven fiscals. This provides ample headroom to scale up the production without significant incremental capex. Additionally, the limited fixed capital intensity allows the company to preserve cash flows and support stable free cash flow generation.

Ability to report profit across business cycle - Over the FY2020 to H1 FY2025 period, the company has consistently reported net profits, demonstrating its resilience to industry downturns.

Strong customer profile ensures revenue visibility and mitigates counterparty credit risk – MMTPL’s customer base includes reputed players such as JSW Steel Limited (rated [ICRA]AA (Stable)/A1+), Jindal Steel & Power Ltd. (rated [ICRA]AA (Stable)/A1+), and Tata Steel Ltd. (rated [ICRA]A1+), among others. These players have robust credit profiles, ensuring stable revenue inflows and lower counterparty credit risks.

Favorable competitive positioning with moderate domestic market share and cost-efficient operations – MMTPL holds a 40% market share in the domestic cored wire segment. Despite its strong market position, the absolute scale of operations remains modest, given the relatively small size of the addressable market. However, the company’s cost-efficient operations are expected to result in a healthy double-digit ROCE of 20-30%, going forward.

Credit challenges

Sizeable dependence on imported raw materials, exposing company to margin volatility and elevated working capital requirements - MMTPL’s operations are highly raw material intensive, with raw material costs accounting for 80% of its operating income. Moreover, the sizeable dependence on imports exposes it to price volatility. The company’s working capital intensity also remains high, with an NWC/OI ratio of 42% in H1 FY2025, driven by the long inventory holding periods. Hence, an efficient working capital management is a key driver of its performance. The forex risks from net imports are partly mitigated by the forward contracts.

Limited product diversification, exposing the company to profitability risks and technological obsolescence - MMTPL’s revenue concentration in the cored wire and cored wire feeder segment makes its earnings vulnerable to the downturns in the steel sector. Additionally, the company faces the risk of technological obsolescence, which could impact its competitive positioning and long-term growth prospects. Given the limited product diversification and the small scale of operations, the company’s earnings are vulnerable to the swings in demand and supply in its concentrated product portfolio.

Liquidity position: Adequate

The company’s liquidity position remains adequate, supported by sanctioned fund-based limits of Rs. 35 crore with a moderate utilisation of ~50% as on February 28, 2025. Additionally, it has no major capex plans or repayment obligations in the near term, which supports the free cash flows.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant increase in revenue and profitability, leading to strengthening of net worth and improvement in profitability and credit metrics. Additionally, the diversification of its product or service offerings, creating alternative avenues for earnings growth, could also support an upgrade. The rating could also witness an upward pressure in case of an improvement in the credit profile of the Minex Group.

Negative factors – The ratings would come under pressure if the company faces a prolonged period of weak earnings, adversely impacting the credit metrics and liquidity profile. The ratings could also come under pressure if the linkages between the MMTPL and the Minex Group weaken, or if the overall credit profile of the Minex Group deteriorates.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	<p>Group: The Minex Group consists of three entities – Minex Metallurgical Company Limited (MMCL), Minex Melt Treatment Private Limited (MMTPL), Minex Mincast Private Limited (MMPL)</p> <p>ICRA expects the Minex Group to be willing to extend financial support to MMTPL, should there be a need, out of its need to protect its reputation. All the three entities within the Minex Group have mirror shareholding, which in ICRA’s opinion, would further persuade the Group to provide support</p>
Consolidation/Standalone	Standalone

About the company

Minex Melt Treatment Private Limited (MMTPL) was incorporated as a private limited company in 2024. This company was formed as a result of a demerger of Minex Metallurgical Company Limited (MMCL). The effective date of the demerger is April 1, 2024. After the demerger, recorded as effective from January 11, 2025, MMTPL is engaged in the manufacturing of metallurgical cored wire and cored wire feeders. Its manufacturing facility at Kalmeshwar, Nagpur, makes cored wires having a capacity of 24,000 metric tonnes per annum (MTPA), and the Vasai plant in Mumbai produces cored wire feeders with a capacity of 50 units per annum.

Key financial indicators

Minex Melt Treatment Private Limited	^H1FY2025
Operating income	118.1
PAT	10.4
OPBDIT/OI	8.8%
PAT/OI	8.8%
Total outside liabilities/Tangible net worth (times)	0.2
Total debt/OPBDIT (times)	0.5
Interest coverage (times)	16.9

Source: Company, ICRA Research; ^Provisional standalone numbers of MMTPL; 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

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 31, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Long-term fund-based limits – Cash credit	Long term	35.00	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
Long term/Short term – Fund-based/Non-fund based - Interchangeable limits	Long term/Short term	(35.00)	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	-	-	-	-
Long term/Short term - Unallocated limits	Long term/Short Term	10.00	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based limits – Cash credit	Simple
Long term/Short term – Fund-based/Non-fund based - Interchangeable limits	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	Long term – Fund-based limits – Cash credit	NA	NA	NA	35.00	[ICRA]BBB+ (Stable)
NA	Long term/Short term – Fund-based / Non-fund based - Interchangeable limits	NA	NA	NA	(35.00)	[ICRA]BBB+ (Stable)/ [ICRA]A2
NA	Long term/Short term - Unallocated limits	NA	NA	NA	10.00	[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 – Not Applicable

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