November 05, 2025

Amalgam Steel 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 Loans	205.74	171.89	[ICRA]BBB+ (Negative); reaffirmed
Long-Term – Fund Based Limits	225.00	220.00	[ICRA]BBB+ (Negative); reaffirmed
Long-Term – Non Fund-Based Facilities	70.00	70.00	[ICRA]BBB+ (Negative); reaffirmed
Short Term Loans**	(225.00)	(220.00)	[ICRA]A2; reaffirmed
Total	**500.74**	**461.89**	

**Instrument details are provided in Annexure-1; ** sub-limit of fund-based limit*

Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Amalgam Steel Private Limited (ASPL), Amalgam Steel & Power Limited (AS&PL), Crest Steel and Power Private Limited (CSPPL) and Topworth Steels and Power Private Limited (TSPPL). For arriving at its ratings, ICRA has noted the common management, and the close financial and operational linkages among these companies.

The reaffirmation of the ratings and continuation of negative outlook factors in the subdued financial performance of the Group during FY2025. The operating profits of the Group in FY2025 have been weaker-than-expected due to lower product spreads emanating from industry wide demand-supply mismatch. In particular, the pellet operations of the Group, which is the most impacted and located in Jharkhand, continued to witness a supply glut leading to pressure on pellet realisations which coupled with firm iron ore prices had led to this segment making losses. In addition, the high debt levels of the Group have kept the leverage indicator subdued albeit some improvement witnessed (Total external debt/OPBDITA of 3.9 times in FY2025 vis-a-vis 4.8 times in FY2024) aided by reduction in working capital borrowings and scheduled debt repayments.

In the current fiscal, however, the pellet segment has shown improvement, supported by a recovery witnessed in pellet prices over the past 2-3 months. While realisations of other products (Sponge iron, billets and Structural steel) manufactured by the Group have witnessed sequential declines until October 2025 end in the current fiscal, ICRA expects prices to witness recovery in the coming months aided by a pickup in demand in the seasonally strong months, early signs of which is visible in the recent price uptick. Besides, the group's operations in Chhattisgarh manufactures a sizeable portion of DRCLO Sponge iron where realisations are higher than PDRI (sponge iron manufactured from pellets) and leads to higher contribution margins. Also, the rolling mill in of the Chhattisgarh units of the Group can manufacture structural steel with higher cross section, which commands premium. A combination of the above factors is expected to lead to a recovery in the consolidated earnings in FY2026 over FY2025. While ICRA does not expect any material decrease in the company's total external debt levels in the current fiscal, the leverage profile is likely to benefit from an expected improvement in the operating profits.

ICRA has noted that regulatory clearances (environmental clearance) for the expansion project planned at CSPPL has not been received and the matter is sub-judice currently which has led to the project being put on hold for the time being. Accordingly, ICRA, in its base estimates has not considered the said capex in its analysis. ICRA will continue to monitor the developments in this regard and take appropriate action once there is more clarity.

The ratings also factor in the extensive experience of the promoters, who have around five decades of experience in the iron ore mining and steel businesses. The promoter groups operate iron ore mines in Odisha and have approval to cumulatively mine 4.2 million tonnes per annum (mtpa) of iron ore, annually. Besides, they operate steel plants independently, having facilities to manufacture sponge iron, billets and rebars. The ratings also consider the acquisitions made in the recent past,

which include ASPL, AS&PL, CSPPL and TSPPL, at competitive capital costs, which support the business return indicators. The Group has also demonstrated a successful track record of quickly turning around the operations of ASPL, AS&PL, CSPPL & TSPPL. The ratings also factor in the location-specific advantages of the Group's plants, which aid in operational efficiency.

The ratings remain constrained by the Group's exposure to the cyclicality inherent in the steel industry and the susceptibility of the Group's profitability to the volatility in raw material prices and end-product realisations. Besides, the Group has extended large advances to one of its holding companies, Transform Steel Private Limited, which adversely impacted the business return indicators.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters – The Group is promoted by the Kolkata-based Atha and Misra Groups. The promoters have around five decades of experience in the iron ore mining and steel businesses. At present, they operate iron ore mines in Odisha and have approval to cumulatively mine 4.2 mtpa of iron ore, annually. Besides, they operate steel plants independently, having facilities to manufacture sponge iron, billets and rebars.

Recent acquisitions made at competitive capital costs support business return indicators – The Group has made four acquisitions in the recent past, which include ASPL, AS&PL, CSPPL and TSPPL through the IBC process, at competitive capital costs. ICRA draws comfort from the competitive acquisition prices of these assets, which support the business return indicators.

Successful track record of turning around operations of acquired entities – The Group has demonstrated a successful track record of quickly turning around the operations of ASPL, AS&PL, CSPPL and TSPPL and hence remains a credit positive for the Group.

Location-specific advantage of the plants – ASPL and AS&PL are both located in the same premises near Jamshedpur in Jharkhand, which is in proximity to the iron ore mines, thus ensuring regular supply of iron ore fines (key raw material for pellet manufacturing) and low transportation costs. The pellets manufactured by ASPL are consumed by AS&PL, which are used to make sponge iron and the balance is sold in the open market. AS&PL also has a railway siding, which enables it to procure imported thermal coal via the railway network from nearby ports and reduces its overall freight costs substantially. Besides, AS&PL's proximity to the rolling mills in Jharkhand and West Bengal provides it with a ready access to the end-user industries for the billets manufactured. Moreover, ICRA notes that CSPPL and TSPPL are located at adjacent plots, which along with the presence of a railway siding at CSPPL, brings in operational efficiencies and reduce the freight cost for these two units.

Credit challenges

Leverage indicators remain under pressure; some recovery expected in the current fiscal – The Group's weaker-than-expected financial performance along with its high debt levels, a large part of which was taken to fund the acquisitions of CSPPL and TSPPL, has kept the leverage indicator subdued albeit some improvement witnessed (Total external debt/OPBDITA of 3.9 times in FY2025 vis-a-vis 4.8 times in FY2024) aided by reduction in working capital borrowings and scheduled debt repayments. However, with early signs of recovery being witnessed in the pellet segment which had remained a drag on the overall earnings of the Group in the last two fiscals, ICRA's expects the overall earnings of the Group to improve meaningfully in FY2026 leading to improvement in the leverage indicator.

Exposed to cyclicality inherent in steel industry – The Group is exposed to the cyclicality inherent in the steel industry, making the revenue and cash flow of the industry players volatile, including that of the Group. The Group's cash flow and profitability would remain volatile largely because of the fluctuation in the price spreads between raw materials and the end products.

Large advances extended to holding company affect business return indicators – The Group has extended large advances of around Rs. 181 crore as on March 31, 2025 to one of its holding companies, Transform Steel Private Limited, which adversely impacted the business return indicators.

Liquidity position: Adequate

The Group's liquidity position has been assessed as adequate with undrawn working capital lines of around Rs. 78 crore as of August-end 2025 and healthy fund flow from operations expected over the medium term. Against these sources of cash, the Group has a total capex commitment of around Rs.35-40 crore and debt repayment obligations of around Rs. 64 crore in FY2026. Overall, ICRA expects the group to be able to comfortably meet its capex commitments and service its debt obligations through internal as well as external sources of cash.

Rating sensitivities

Positive factors – The outlook could be revised to Stable if the group is able to significantly improve consolidated earnings on a sustained basis leading to improvement in credit metrics. Specific metrics that can lead to a rating upgrade includes Total external debt/OPBITDA being lower than 2.0 times on a sustained basis.

Negative factors – Pressure on the ratings may emerge in case the group earnings fail to materially improve going forward leading to continued pressure on credit metrics. Specific metrics that could lead to ratings downgrade include total external debt-to-operating profit ratio remaining above 3.0 times on a sustained basis. The ratings could also come under pressure in case of any large debt funded capex and/or any major cash outflow to group entities, resulting in a deterioration in the liquidity profile.

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 business and financial risk profiles of ASPL, AS&PL, CSPPL and TSPPL and has taken a consolidated rating view owing to the common management, close financial and operational linkages among these companies.

About the company

Amalgam Steel Private Limited is a JV between Atha and Misra Groups and operates a 1.2-mtpa pellet plant near Jamshedpur, in Jharkhand. The company was demerged from Orissa Manganese & Minerals Limited (OMML), which was acquired by Atha and Misra Groups from the Adhunik Group through an insolvency resolution process in November 2018. In FY2023, ASPL acquired a 47.5% equity stake in CSPPL through the IBC route, while the balance 47.5% stake was held by AS&PL and 5% by the consortium banks. CSPPL has a DRI plant of 0.23 mt per annum, a steel melt shop (SMS) of 0.07 mt per annum, and a waste-heat recovery based captive power plant (CPP) of 12 MW. In addition, it has an unfinished capital-work-in-progress comprising a 1.5-mt-per-annum pellet plant, 0.25-mt-per-annum DRI plant, 0.08-mt-per-annum billet unit and 35 MW of CPP. In December 2023, the Group concluded the acquisition of Topworth Steels and Power Private Limited, through the IBC route.

Key financial indicators (Audited)

	ASPL (Standalone)		ASPL + AS&PL + CSPPL +TSPPL (Consolidated***)	
	FY2024	FY2025	FY2024	FY2025
Operating Income (Rs. crore)	973.6	894.1	2,904.5	2,995.5
PAT (Rs. crore)	6.3	129.6	-23.9	195.3
OPBDITA/OI (%)	4.5%	1.3%	6.7%	5.7%
PAT/OI (%)	0.6%	14.5%	-0.8%	6.5%
Total Outside Liabilities/Tangible Net Worth (times)	1.3	0.5	0.9	0.6
Total Debt/OPBDITA (times)	14.0	23.9	6.2	4.5
Total External Debt/OPBDITA (times)	NA	NA	4.8	3.9
Interest Coverage (times)	0.9	0.3	2.2	2.0

*PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ***Consolidation done by ICRA based on elimination of important inter-group transactions based on public disclosures; TSPPL acquired in December 2023*

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)	Nov 05, 2025	Date	Rating	Date	Rating	Date	Rating
Term Loans	Long term	171.89	[ICRA]BBB+ (Negative)	Dec 17, 2024	[ICRA]BBB+ (Negative)	Dec 22, 2023	[ICRA]BBB+ (Stable)	Sep 15, 2022	[ICRA]A- (Stable)
				Apr 19, 2024	[ICRA]BBB+ (Stable)				
Fund Based Limits	Long term	220.00	[ICRA]BBB+ (Negative)	Dec 17, 2024	[ICRA]BBB+ (Negative)	Dec 22, 2023	[ICRA]BBB+ (Stable)	Sep 15, 2022	[ICRA]A- (Stable)
				Apr 19, 2024	[ICRA]BBB+ (Stable)				
Non Fund-Based Facilities	Long term	70.00	[ICRA]BBB+ (Negative)	Dec 17, 2024	[ICRA]BBB+ (Negative)	Dec 22, 2023	[ICRA]BBB+ (Stable)	Sep 15, 2022	-
				Apr 19, 2024	[ICRA]BBB+ (Stable)				
Short Term Loans*	Short-Term	(220.00)	[ICRA]A2	Dec 17, 2024	[ICRA]A2	Dec 22, 2023	[ICRA]A2	Sep 15, 2022	[ICRA]A2+
				Apr 19, 2024	[ICRA]A2				

**sub-limit of fund-based limit*

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple
Fund Based Limits	Simple
Non Fund-Based Facilities	Very Simple
Short Term Loans	Very simple

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-1: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term Loans**	FY2019	NA	FY2031	171.89	**[ICRA]BBB+ (Negative)**
NA	**Fund Based Limits**	NA	NA	NA	220.00	**[ICRA]BBB+ (Negative)**
NA	**Non Fund-Based Facilities**	NA	NA	NA	70.00	**[ICRA]BBB+ (Negative)**
NA	**Short Term Loans***	NA	NA	NA	(220.00)	**[ICRA]A2**

*Source: Company; *sub-limit of fund-based limit*

Please Click here to view details of lender-wise facilities rated by ICRA

Annexure-2: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Amalgam Steel & Power Limited	Group company	Full consolidation
Crest Steel and Power Private Limited	47.5% owned by ASPL and 47.5% owned by AS&PL	Full consolidation
Topworth Steels and Power Private Limited	100% owned by AS&PL	Full consolidation

Source: Company; ^as on March 31, 2025

ANALYST CONTACTS

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

Ankit Jain
+91 124 4545 865
ankit.jain@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.

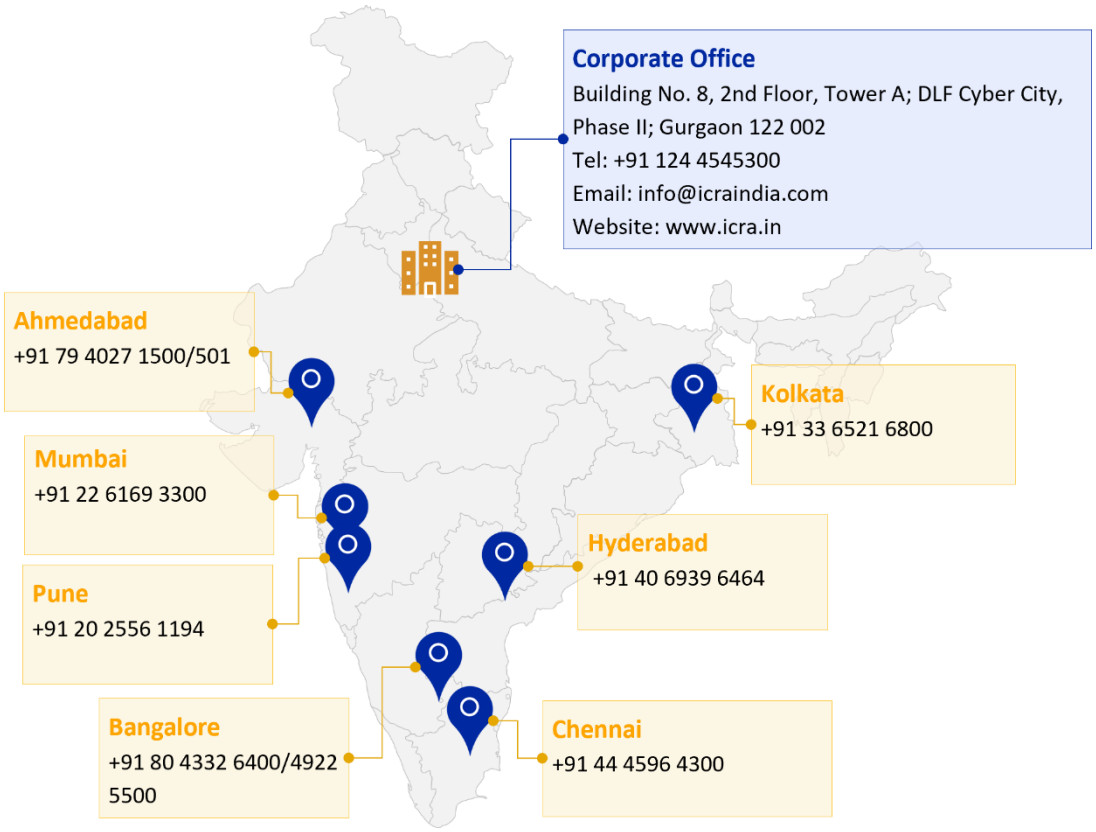
For more information, visit www.icra.in

ICRA Limited

Registered Office

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

Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.