

## Khayati Steel Industries Limited

March 04, 2026

| Facilities/Instruments     | Amount (₹ crore) | Rating <sup>1</sup>                       | Rating Action   |
|----------------------------|------------------|---|---|
| Long Term Bank Facilities  | 208.14           | CARE BB+; Stable; ISSUER NOT COOPERATING* | Downgraded from CARE BBB; Negative and moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 15.00            | CARE A4+; ISSUER NOT COOPERATING*         | Downgraded from CARE A3 and moved to ISSUER NOT COOPERATING category            |

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Khayati Steel Industries Limited (KSIL) to monitor the rating(s) vide e-mail communications dated July 29, 2025; September 23, 2025; October 06, 2025; November 19, 2025; December 09, 2025; January 07, 2026; February 09, 2026 and numerous phone calls. However, despite our repeated requests, the Company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited's opinion is not sufficient to arrive at a fair rating. The rating of Khayati Steel Industries Limited's bank facilities will now be denoted as CARE BB+; Stable ISSUER NOT COOPERATING \*/ CARE A4+; ISSUER NOT COOPERATING\*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The revision in rating is on account non availability of latest financial and operational information.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on March 04, 2025, the following were the rating strengths and weaknesses (updated for the information available from FY25 Financials; downloaded from MCA website).

### Key weaknesses

#### Investment in companies affecting debt coverage

Apart from investments made in Independent Power Producer companies by KSIL, which are core to its operations to save on power costs, the entity has invested/ extended loans and advance of ₹77.81 crore as on March 31, 2024, which further increased to ₹116.33 crore as on March 31, 2025. Such amounts form over 50% of company's net worth and has led to increase in working capital borrowings and deterioration in debt coverage indicators. The management has articulated that such investments would generate high returns to the company and higher interest income is being generated from loans and advances. KSIL's management has stated no further investments/ extension of loans are planned and that such loans are extended for a short period of time and would be received back accordingly. Timely receipt of such loans and to generate envisaged returns from these investments/ loans would be critical to the company's prospects.

#### Exposure of margins to raw material price volatility

The price of steel scrap remains volatile in nature and is governed by international metal prices and quality of the scrap. The raw material cost constitutes to ~65-75% of the cost of sales, thus exposing the company to raw material price volatility, which has a bearing on its profitability margins. The products manufactured by the company have limited value addition and face high degree of competition from other industry players. Though the finished goods prices broadly move in tandem with input prices, there may be a time lag which exposes the firm to raw material price volatility risk.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## Key strengths

### Experienced and resourceful promoters

KSIL was incorporated in April 2008 and promoted by Naveen Gupta, Anitha Gupta, and Matajwala Investments an associate company of KSIL owned by the Gupta family. Promoters have an experience of around four decades in steel industry (through other entities in the group). Naveen Gupta, Managing Director, looks after the overall operations of the company and is assisted by Anitha Gupta who takes care of the administrative activities.

### Established market presence with wide distribution network across Karnataka and Kerala

KSIL supplies to major construction players through its dealer and construction contractors across Karnataka and Kerala. The company has a distributor network of ~150 distributors with top 10 contributing to 68% in FY24 (65% in FY23). With no other major TMT bars manufacturer in Mysore region, KSIL enjoys the advantage of being the single major player in the region and could pass on increase in raw material prices to its customers.

### Liquidity: Stretched

Company's liquidity profile has deteriorated marked by near full CC utilisation on several occasions against earlier utilisation levels of 30-35%. With high term debt repayments and limited cushion available in CC limits, company's ability to generate adequate sustained operating cashflows from the business is critical which otherwise is exposed to volatility associated with steel industry. Timely receipt of loans and advances/ return of investments, which management estimates to occur in short period, would be key to improve the liquidity of the company. Cash and liquid investments remained at ₹0.57 Crs as on March 31, 2025.

### Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Iron & Steel](#)

[Liquidity Analysis of Non-financial sector entities](#)

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector          | Industry       | Basic industry |
|-------------------------|-----------------|----------------|----------------|
| Commodities             | Metals & Mining | Ferrous Metals | Iron & Steel   |

Incorporated in April 2008, KSIL is engaged in manufacturing Thermex TMT Bars under the brand "Apex" with sizes ranging from 8 mm to 32 mm and grade Fe 500, and allied steel products. The company is promoted by Naveen Gupta and Anitha Gupta who have been in the steel industry for around four decades. It has been accorded approval on September 26, 2024 for conversion into public company. KSIL's manufacturing facilities are at Thandya Industrial Area, Mysore district, and Tumkur. The company has an installed capacity of 1.01 lakh metric tons per annum (MTPA) of TMT bars, 1.2 lakh MTPA of billets, and 0.72 lakh MTPA of allied steel products. In addition, the company has installed renewable power capacity of 27 MW (solar and wind power) for captive consumption only.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) |
|----------------------------|--------------------|--------------------|
| Total operating income     | 537.95             | 544.99             |
| PBILDT*                    | 58.15              | 60.01              |
| Profit after tax (PAT)     | 21.50              | 26.65              |
| Overall gearing (x)        | 1.06               | 0.88               |
| Interest coverage (x)      | 3.42               | 3.66               |

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

| Name of the Instrument             | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook        |
|------------------------------------|------|------------------|-----------------|---------------|-----------------------------|---|
| Fund-based - LT-Cash Credit        | -    | -                | -               | -             | 110.00                      | CARE BB+; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan          | -    | -                | -               | 07-08-2029    | 98.14                       | CARE BB+; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantee | -    | -                | -               | -             | 15.00                       | CARE A4+; ISSUER NOT COOPERATING*         |

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |   | Rating History                              |   |   |   |
|---------|--|-----------------|------------------------------|---|---|---|---|---|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating                                    | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025                         | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1       | Fund-based - LT-Cash Credit            | LT              | 110.00                       | CARE BB+; Stable; ISSUER NOT COOPERATING* | -   | 1)CARE BBB; Negative (04-Mar-25)<br>2)CARE BBB+; Stable (02-Apr-24) | -   | 1)CARE BBB; Positive (28-Mar-23)            |
| 2       | Non-fund-based - ST-Bank Guarantee     | ST              | 15.00                        | CARE A4+; ISSUER NOT COOPERATING*         | -   | 1)CARE A3 (04-Mar-25)<br>2)CARE A2 (02-Apr-24)                      | -   | 1)CARE A3+ (28-Mar-23)                      |
| 3       | Fund-based - LT-Term Loan              | LT              | 98.14                        | CARE BB+; Stable; ISSUER NOT COOPERATING* | -   | 1)CARE BBB; Negative (04-Mar-25)<br>2)CARE BBB+; Stable (02-Apr-24) | -   | 1)CARE BBB; Positive (28-Mar-23)            |

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**
**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument             | Complexity Level |
|---------|------------------------------------|------------------|
| 1       | Fund-based - LT-Cash Credit        | Simple           |
| 2       | Fund-based - LT-Term Loan          | Simple           |
| 3       | Non-fund-based - ST-Bank Guarantee | Simple           |

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

|  |   |
|--|---|
| <p><b>Media Contact</b></p> <p>Mradul Mishra<br/>Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-22-6754 3596<br/>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Saikat Roy<br/>Senior Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-22-6754 3404<br/>E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a></p> | <p><b>Analytical Contacts</b></p> <p>Karthik Raj K<br/>Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-80- 4662 5555<br/>E-mail: <a href="mailto:karthik.raj@careedge.in">karthik.raj@careedge.in</a></p> <p>Himanshu Jain<br/>Associate Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-80-4662 5528<br/>E-mail: <a href="mailto:himanshu.jain@careedge.in">himanshu.jain@careedge.in</a></p> <p>Gautami Shanker<br/>Lead Analyst<br/><b>CARE Ratings Limited</b><br/>E-mail: <a href="mailto:Gautami.Shanker@careedge.in">Gautami.Shanker@careedge.in</a></p> |
|--|---|

### About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**