

Mahamanav Ispat Private Limited

March 23, 2026

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|---------------------------|------------------|---------------------|--------------------------------|
| Long Term Bank Facilities | 132.00 | CARE BB; Stable | Upgraded from CARE BB-; Stable |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of Mahamanav Ispat Private Limited (MIPL) considers the successful completion of its sponge iron expansion, which will aid the company in enhancing its sales volume going forward. Despite debt-funded capex the leverage improved due to equity infusion by promoters of ₹19.56 crore in FY25 (FY refers to April 01 to March 31). Apart from the sponge iron expansion, the company was planning to set up a 7 MW solar plant. However, the management is evaluating an option for a waste heat recovery plant. The rating revision also factors in improvement in scale and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins led by lower raw material prices of coal and stable prices of sponge iron for 9MFY26, despite moderation in PBILDT margins in FY25 due to a challenging business scenario in the steel industry. MIPL reported total operating income (TOI) of ₹210 crore in 9MFY26 and PBILDT margin of 6.34% compared to 3.76% in FY25. MIPL reported TOI of ₹274 crore in 11MFY26, surpassing the full-year revenue of ₹230 crore in FY25.

The ratings remain constrained by high customer and supplier concentration risk for MIPL and its presence in a highly fragmented and cyclical steel business, leverage capital structure and weak debt coverage indicators. The ratings, however, derive strength from long standing experience of promoter in the steel business and favourable location of the plant and satisfactory capacity utilisation.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with Total Operating Income (TOI) over—Rs.400 crore with PBILDT margins of over 6% on a sustained basis.
- Maintaining Overall gearing below 2.0x, ICR >3x and TDGCA less than 4x.

Negative factors

- Decrease in scale of operations with TOI below Rs.250.00 crore with PBILDT margin below 4.0% on a sustained basis.
- Overall gearing beyond 4.5x, ICR <1.5x and operating cycle increasing over 90 days on a sustained basis

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that MIPL will continue to benefit from its long track record of operations with its experienced promoters and established relationships with clients.

Detailed description of key rating drivers:

Key weaknesses

Leveraged capital structure and weak debt coverage indicators

The entity's capital structure stood leveraged, as marked by an overall gearing of 3.23x as on March 31, 2025 (3.95x as on March 31, 2024) with high reliance on external debt. Its debt profile largely comprises external debt in the form of working capital, unsecured loan and term debt. The total outside liabilities to net worth stood high at 3.82x as on March 31, 2025 (moderated from 4.67x as on March 31, 2024). The improvement in capital structure was primarily on account of infusion of equity by promoters. Going forward, the capital structure is expected remain leveraged on account of planned debt funded capex for its power plant for captive consumption and increase in working capital borrowings.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Debt coverage indicators stood weak, as marked by moderate PBILDT interest coverage of 1.57x in FY25 (2.59x in FY24) and very high total debt to GCA (TD/GCA) of 32.68x in FY25(12.12x in FY24),; albeit improved to 19.26x in 9MFY26. Deterioration during the year was on account of decline profitability due to challenging business environment and/ but significant increase in debt levels owing to debt funded capex. Going forward, debt coverage indicators are expected to improve with expected improvement in profits.

Highly competitive and cyclical industry

The steel sector is characterized by its cyclical nature, which is intricately linked to economic trends. Major industries that utilize steel like construction, infrastructure, automotive, and capital goods rely heavily on economic conditions, meaning any decline in economic activity can negatively affect their demand for steel. Furthermore, the global supply and demand balance, particularly regarding China, is a significant factor affecting steel prices and output. Consequently, intermediate steel producers are primarily price-takers, this connection makes their cash flows and profitability vulnerable to the volatility of the end-user sector.

Key strengths

Successful completion of the project

During our last review the company had initiated expansion of its sponge iron capacity by 200 tpd (2x100 tpd) to be commissioned by May 2025 at a total estimated cost of Rs.64 crore with a term loan of Rs.48 crore. The company has successfully completed its sponge iron plant commissioning with 100 tpd in August 2025 while the other 100 tpd has been commissioned in November 2025 at a total cost of Rs.65.4 crore, the incremental cost is funded from internal accruals. The successful commissioning of its unit is expected to aid MIPL in improving its scale led by higher volumes. On the back of consistent addition of sponge iron capacity, the company has been able to register a growth in volume sold.

Apart the Sponge iron expansion, company was also planning to set up 7MW solar plant at total cost of 24.5 with a term loan of Rs.18.38 crore. However, as articulated by the management the company is evaluating setting up or Solar 7MW or 4MW of waste heat recovery plant.

Experienced promoters

MIPL was incorporated in 2006, and the company was acquired by present promoter Mr. T H Suresh Babu (managing director) and Mrs. T H Deepa (director) in 2021, the company primarily sells through commission agents. Mr. T. H. Suresh Babu possesses over a decade of experience in the steel industry, with experience in steel and coal trading. He is a qualified mechanical engineer and plays a key role in overseeing the company's operations. He is supported by Mrs. T. H. Deepa, a graduate with a decade of business experience.

Favourable location of the plant

MIPL's manufacturing facility is strategically located in Ballari, Karnataka, rich in iron ore reserves. The region's abundant iron ore deposits enable the company to procure high-quality raw materials efficiently. Additionally, the plant's proximity to the mining belt significantly reduces transportation costs, enhancing overall cost-effectiveness.

The area is also well-connected to nearby industrial hubs. MIPL operates at the lowest tier of the value chain, specializing in the production of sponge iron. The company supplies its output to units in and around Karnataka that are positioned at the mid-tier of the value chain, engaged in the production of billets, TMT bars, and REBARs through extensive network of roads, railways facilitating seamless logistics through commission agents.

Satisfactory capacity utilisation

MIPL's sponge iron unit operated at a utilization rate of 93% in FY25, which has decrease to 82% in 9MFY26 owing to commencement of operation on its 100 tpd in August 2025 and 100 tpd in November 2025, ensuring optimal production efficiency. The operating cycle remained stable at 49 days in FY25, decreased from the previous year. Creditor days remained stable at 22 days in FY25 (20 days in FY24), primarily due to a reduction in the lag time for coal deliveries from traders. Similarly, inventory days have also stood stable at 42 days in FY25 (38 days in FY24), driven faster inventory turnaround. Receivable days also improved significantly, decreasing to 29 days in FY25 (34 days in FY24). This improvement is attributed to a shift in the customer mix, where credit terms vary based on customer preferences. The company typically applies higher pricing for customers requiring extended credit periods, ensuring a balanced approach to revenue and profitability management.

Growing albeit moderate scale of operations with thin margins

In FY25, MIPL reported a total operating income (TOI) of ₹230 crore, a significant growth of 25% from ₹184 crore in FY24. This growth was primarily due to increase in sales quantity because of enhanced production achieved during the year along with sales prices increase during the year to match premium sponge iron with more metal content. The volume of sponge iron sold increased by 35% in FY25. During 9MFY26, MIPL reported a TOI of Rs.209.73 crore and Rs.274 crore for 11MFY26, led by improved volumes and likely to achieve a revenue of Rs.318 crore for the full year FY26.

The company's operating profitability remained moderated at 3.76% in FY25 (compared to 4.95% in FY24), however, which further improved in 9MFY26 to 6.34% as a result of stable prices of sponge iron and lower coal prices. However, with the further ramping up of capacity utilisation on recently commissioned units in FY26, overhead costs are anticipated to decline, enhancing overall profitability. Additionally, the company plans to establish a solar power plant/waste heat recovery during FY27, further improving cost efficiency. Consequently, the company's margins are expected to improve going forward.

Liquidity: Stretched

The liquidity remains stretched marked by closely matched GCA with scheduled repayment obligation, leveraged capital structure, weak debt coverage indicators and moderate cash accruals on the back of consistent debt funded capital expenditure and high working capital limit utilisation. The company has a repayment obligation of Rs.6.72 crore in FY26 and Rs.9.07 crore in FY27. The company reported a GCA of Rs.3.19 crore in FY25 and Rs.5.75 crore in 9MFY26. The promoters have infused Rs.12.63 crore of unsecured loan in FY26. The average of maximum utilisation for last 12 months ended December 2025 stood high at 97.75% with near full utilisation during Jan 2025 to Dec 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

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About the company and industry

Industry classification

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

Mahamanav Ispat Private Limited (MIPL) a Bellary based entity, was incorporated in 2006 as a Private Limited Company. The company is in to manufacture of sponge iron. The company has an installed capacity of 500 tpd of sponge iron facility as of November 25. MIPL procures its raw material, iron ore, domestically from Karnataka and sells the final product across India.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | December 2026 (UA) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 183.80 | 229.84 | 209.73 |
| PBILDT* | 9.09 | 8.63 | 13.29 |
| Profit after tax (PAT) | 2.51 | 0.32 | 2.56 |
| Overall gearing (x) | 3.95 | 3.23 | 3.57 |
| Interest coverage (x) | 2.59 | 1.57 | 1.99 |

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 | | - | - | - | 60.00 | CARE BB; Stable |
| Fund-based - LT-Term Loan | | - | - | January 31, 2033 | 72.00 | CARE BB; Stable |

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 | 60.00 | CARE BB; Stable | 1)CARE BB-; Stable (23-Apr-25) | - | - | - |
| 2 | Fund-based - LT-Term Loan | LT | 72.00 | CARE BB; Stable | 1)CARE BB-; Stable (23-Apr-25) | - | - | - |

LT: Long term; ST: Short term; LT/ST: Long term/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 |

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

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