

RATING RATIONALE

07 Oct 2025

Mangal Sponge and Steel Pvt. Ltd.

Brickwork Ratings withdraws the previous bank loan ratings for Rs 14.68 Crs, removes the ratings from the Issuer Not Cooperating category, upgrades/ assigns the long-term and short-term ratings for the bank loan facilities of Rs 55.00 Crs of Mangal Sponge and Steel Pvt. Ltd.

Particulars

Facilities**	Amount (Rs.Crs)		Tenure	Rating#	
	Previous	Present		Previous (25 Apr 2025)	Present
Fund Based					
Term Loan - Outstanding	13.68	0.00	Long Term	BWR B + /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	Withdrawal
Cash Credit - Sanctioned	25.00	40.00		BWR B + /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BBB/Stable removal from ISSUER NOT COOPERATING* category/Upgraded
Sub Total	38.68	40.00			
Non Fund Based					
Inland Letter of Credit (ILC) - Sanctioned	0.00	13.00	Long Term	-	BWR BBB /Stable (Assignment)
Bank Guarantee - Sanctioned	0.00	2.00	Short Term	-	BWR A3+ (Assignment)
Letter of Credit - Sanctioned	01.00	0.00		BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	Withdrawal
Sub Total	01.00	15.00			
Grand Total	39.68	55.00	(Rupees Fifty Five Crores Only)		

#Please refer to the BWR website www.brickworkratings.com for the definition of the ratings.

**Bank Loan facility details are furnished in Annexure - I

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) removes the rating from the Issuer Not Cooperating category. BWR assigns/upgrades to “BWR BBB/Stable” and “BWR A3+” for the rating of the credit facilities availed from the lenders. The assignment of the ratings, considering the promoters’ extensive experience and Established Track Record. BWR withdraws (Term Loan O/s of Rs. 13.68 Crores and the LOC facility of Rs. 1.00 Crore) based on the Issuer’s request after getting the No Due Certificate from the concerned banker. and BWR assigns/upgrades the long-term and short-term ratings at “BWR BBB/Stable” and “BWR A3+” for Rs. 55.00 Crores.

The outlook has been retained as Stable, as BWR believes that the business risk profile of the company will be maintained over the medium term. The Stable outlook indicates a low likelihood of a rating change over the medium term.

For assigning the rating, BWR has relied upon the last 3 years of audited financials till FY25, projection financials for FY26 & FY27 and also publicly available information and clarification provided by management.

KEY RATING DRIVERS**Credit Strength-:****1. Extensive experience of promoters with long track record in the steel manufacturing business :**

The promoters have more than two decades of experience in the manufacturing and sale of sponge iron and steel products. MSSPL commenced its operation in 1997 and since then the company has been involved in the production of sponge iron, further expanding to billet manufacturing in 2005. The company is managed by Mr. Moolchand Agrawal (MD), a commerce graduate and is ably supported by experienced professionals in day-to-day operations.

2. Diversified customer and supplier profile :

The group has an established relationship with its customers and suppliers with which it has been dealing over the years. Majority of the customers of the company are based out of Raipur (Chhattisgarh) and are engaged in trading of iron and steel products. The company has well diversified customers, since the top 3 customers contribute only 12.64 % of sales. The company procures major part of its raw material requirement from the rich resource belt of Odisha, while coal is sourced through local dealers.

3. Average Financial Risk Profile :

The company has an average financial risk profile as reflected by a low gearing of 0.53X in FY25 on account of high Tangible Net Worth in tune of Rs 99.65 cr in FY25. The coverage ratios as reflected by DSCR and ISCR of the company stand at 5.58 X and 6.87X respectively in FY25 indicating the company's adequacy to meet its debt obligations. The company has an improving current ratio of 1.94X in FY25 improving on a Y-o-Y basis.

Credit Risks-:**1. Intense competition and inherent cyclicity in the steel industry :**

The company is operating in a competitive and fragmented nature of industry specially in primarily steel producing industry. There are several players who are engaged in the sponge iron and billet manufacturing business in the organized and unorganized sector. Moreover, the profit margins and sales of the company remain exposed to inherent cyclicity in the steel industry. Adverse volatility in steel prices will have an adverse effect on the company's performance in view of MSSPL direct linkage to the fortunes of the Steel industry.

2. Susceptibility to intense competition and inherent cyclical in industry :

The sponge iron and billet manufacturing industry in India faces competition from both domestic and international players. Key factors influencing competition include raw material availability, energy costs, technological advancements, and trade policies. Furthermore, the industry is characterized by fragmentation, with numerous small and medium-sized enterprises (MSMEs) competing alongside larger integrated steel plants.

3. Pricing risk:

Steel prices are volatile in nature. Since the Company will be selling the products in line with market rates, pricing risk is not envisaged. Raw material price volatility can have a direct impact on the profitability of the unit.

ANALYTICAL APPROACH - Standalone

To arrive at its ratings, BWR has considered the standalone approach and has applied its rating methodology.

RATING SENSITIVITIES

Going forward the ability of the Company to scale up its operations, improve overall financial risk profile of the company backed by profitability margins, gearing levels, coverage indicators, ability to service debt repayment timely and efficiently manage its working capital would be key rating sensitivities.

Positive:

- Improvement in scale of operations and an increase in operating margin by 8% and 5% of net profit margin.
- Efficient working capital management.

Negative:

- Operating Margins falling below 6.6% and Net profit margins below 3.25%.
- Deterioration in the financial profile of the company, including the liquidity of the company or on account of any unforeseen unfavourable events and any impact of any debt funded capex will be a key Monitorable.

LIQUIDITY INDICATORS - Adequate

The current ratio as on March 31, 2025 is moderate at 1.94 times. The average working capital utilization for the last eight months was around 43.59% and the company is expected to generate the net cash accruals of Rs. 23.62 Crores in FY26 against the CPLTD of Rs. 2.66 Crores. As of March 31, 2025, the company's cash and cash equivalents stood at approximately Rs. 0.81 Crores and Net Cash Accruals of Rs. 20.71 Crores in FY 25. The company's EBITDA stood at Rs. 29.68 Crores in FY 25 audited financials against the interest and finance charge Rs. 4.32 Crores. Further the EBITDA stood more than adequate to service the interest obligations year on year. The company's debt service coverage metrics were moderate, marked by ISCR stood at 6.87 times for the year FY25 Audited and DSCR stood at 5.58 times for FY25 Audited. The liquidity position of the company is adequate.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Commodities	Metals & Mining	Ferrous Metals	Sponge Iron

Mangal Sponge & Steel Private Limited (MSSPL) was Incorporated in 1997 and it is primarily engaged in the manufacturing of sponge iron and billets. MSSPL operates from its head office adjoining its manufacturing facility in Bilha district Bilaspur in Chhattisgarh, which is around 100 km away from the capital city Raipur. MSSPL started its commercial production of manufacturing sponge iron in FY 2005, further expanding to manufacturing mild steel billets in FY2010. The company currently has a sponge iron manufacturing capacity of around 90,000 Metric Tonnes (MT) per annum. The company had also set up a 10 MW captive power plant which is operational from FY 2019. The day-to-day operations of the company are being looked after by Mr. Moolchand Agrawal. The company has installed a furnace unit which has led to an increase in their billet capacity to 1, 22, 400 MT p.a. and which is operational from May 2020.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Unit	FY 23	FY 24	FY 25
Result Type		Audited	Audited	Audited
Operating Income	Rs. Crs	460.88	475.49	427.73
EBITDA	Rs. Crs	20.70	31.87	29.68
PAT	Rs. Crs	7.30	16.32	14.15
Tangible Net Worth	Rs. Crs	69.17	85.80	99.65
Total Debt/Tangible Net Worth	Times	0.50	0.47	0.53
Current Ratio	Times	1.58	1.87	1.94

KEY COVENANTS OF THE FACILITY RATED

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA

The company has an "Issuer Not Cooperating" rating with CARE Ratings as "CARE B+/Stable" and "CARE A4" as on 11 June 2025 for Rs. 50.00 Crores.

The company has an "Issuer Not Cooperating" rating with ICRA Ratings as "ICRA B-/Stable" and "ICRA A4" as on 31 January 2025 for Rs. 35.50 Crores.

ANY OTHER INFORMATION

No Other Information.

RATING HISTORY FOR THE LAST THREE YEARS (including withdrawal & suspension)

Facilities		Current Rating (2025)		2025		2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	40.00	BWR BBB/Stable Upgraded)	25-Apr-2025	BWR B+/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	16-Apr-2024	BWR BB-Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	23-Jan-2023	BWR BB+/Stable (ISSUER NOT COOPERATING*/ Downgraded)
Non Fund Based	LT	13.00	BWR BBB/ Stable (Assignment)	-	-	-	-	-	-
Non Fund Based	ST	1.00	-	25-Apr-2025	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	16-Apr-2024	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Downgraded	23-Jan-2023	BWR A4 + Downgrade/ISSUER NOT COOPERATING*
Non Fund Based	ST	2.00	BWR A3+ (Assignment)	-	-	-	-	-	-
Grand Total		55.00	(Rupees Fifty Five Crores Only)						

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Rating Criteria for Short-term Debt](#)
- [Manufacturing Company](#)

Analytical Contacts	
R.Sriranjani Rating Analyst sriranjani.r@brickworkratings.com	Ravi Rashmi Dhar Associate Director - Ratings ravi.d@brickworkratings.com
1-860-425-2742 media@brickworkratings.com	

Mangal Sponge and Steel Pvt. Ltd

ANNEXURE-I

Details of Bank Facilities rated by BWR

Sl.No	Name of the Bank	Facilities(Rs.Crs.)		Long Term	Short Term	Total (In Rs.Crs)	Complexity Level
1	Punjab National Bank	Fund Based	Cash Credit - Sanctioned	40.00	-	40.00	Simple
		Non-Fund-Based	Inland Letter of Credit - Sanctioned	13.00	-	13.00	Simple
			Bank Guarantee-Sanctioned	-	2.00	2.00	Simple
	Total (In Rs. Crores)			53.00	2.00	55.00	

##BWR complexity levels are meant for educating investors.

The BWR complexity levels are available at [www.brickworkratings.com /download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf).

Investors' queries can be sent to info@brickworkratings.com.

ANNEXURE-II

INSTRUMENT DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE-III

List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

Print and Digital Media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitization Products, Municipal Bonds, etc. BWR has rated over 11,560 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner.

Disclaimer

Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitization Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgment are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgment obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "BWR Party") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its website, www.brickworkratings.com. More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.