

Rating Rationale

07 October 2026

Munish Forge Limited

Facilities / Instrument	Tenure	Amount (₹ crore)		Rating Assigned & Outlook		Regulator
		Previous	Present	Previous (15 Sep 2025)	Present	
Fund-Based	Long Term	9.60	-	BWR BBB-/Stable Assignment	Withdrawal	RBI
		7.00	3.22	BWR BBB-/Stable Assignment	BWR BBB-/ Negative Reaffirmation & Change in Outlook	
		33.00	33.00	BWR BBB- /Stable removal from ISSUER NOT COOPERATING* category/Upgraded	BWR BBB-/ Negative Reaffirmation & Change in Outlook	
		0.00	27.65	-	BWR BBB-/ Negative Assignment	
Non-Fund-Based	Short Term	06.00	14.00	BWR A3/removal from ISSUER NOT COOPERATING* category/Upgraded	BWR A3/ Reaffirmation	RBI
		12.65	(30.65)			
		-	3.50	-	BWR A3/ Assignment	
Total		68.25	81.37	(Rupees Eighty One Crores and Thirty Seven Lakhs)		

Note:

1. Please refer to the BWR website www.brickworkratings.com for the definition of the ratings
2. Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated.

RATING ACTION/OUTLOOK

Brickwork Ratings has reaffirmed the long-term rating at BWR BBB- and the short-term rating at BWR A3 for the bank loan facilities aggregating ₹81.37 crore of Munish Forge Ltd., while revising the outlook from Stable to Negative. Further, ratings on the earlier bank loan facilities aggregating ₹9.60 crore have been withdrawn following their pre-closure. The withdrawal is in accordance with BWR's policy on withdrawal of ratings.

The rating assigned derives strength from experienced promoters and an established track record, a moderate overall financial risk profile, and Quality assurances and certifications.

These strengths are partially offset by Entry barriers, Susceptibility to the cyclical nature of the industries, & Exposure to raw material price volatility.

The revision of the outlook to Negative is driven by the company's muted financial performance and non-achievement of projected top-line and bottom-line performance. The subdued performance is primarily attributable to challenging market conditions amid ongoing geopolitical tensions in West Asia, which have disrupted global maritime trade routes and adversely impacted the company's export-oriented business. The outlook may be revised to Stable if the company demonstrates a sustained recovery in its operating performance and strengthens its financial risk profile over the medium term.

In arriving at the ratings, BWR has relied on the company's audited financial statements up to FY26, financial projections for FY27 and FY28, and additional information and clarifications provided by the management.

KEY COVENANTS OF THE INSTRUMENT/FACILITY

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

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	• General Criteria • Approach to financial ratios • Short Term Debt • BWR Withdrawal Policy • Manufacturing Company
Parent/Group/Government Support	NA
Analytical Approach (Consolidation/Standalone)	Standalone approach

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:

- Experienced promoters and established track record:** Munish Forge Limited is a well-established industrial enterprise primarily engaged in the manufacturing of a diverse range of engineering products, including scaffolding systems and fittings, flanges, automotive parts, metal pressings, closed die forgings, structural fabrications, and Electric Resistance Welded (ERW) tubes. The company's operations are guided by the leadership of its Managing Director, Mr. Davinder Bhasin, who brings with him over four decades of extensive experience. Mr. Bhasin's deep industry insight and proven track record have been instrumental in driving the company's growth, enhancing its production capabilities, and establishing long-term partnerships with clients both in India and in international markets.
- Moderate overall financial risk profile:** The company has successfully optimized its capital structure, with the TOL/TNW ratio improving to a healthy 0.66x. The temporary moderation

in topline and profitability is primarily attributable to the ongoing geopolitical tensions in West Asia, which have disrupted global maritime trade routes. The increase in TNW to ₹125.45 crore in FY26 was primarily supported by the IPO undertaken in October 2025, wherein the ₹61.02 crore fresh issue infused additional equity into the balance sheet, strengthening the Share Capital and Securities Premium. Overall, the company's financial risk profile remains moderate, supported by year-on-year growth in TNW, improvement in leverage, and strengthening debt protection metrics.

3. **Quality assurances and certifications:** In order to ensure customer satisfaction, MFPL has a Total Quality Management system in place. The company has in-house test facilities which include Chemical & Physical testing, Micro/Marco testing, Hardness testing, Salt Spray testing, and many more. The Company has in-house Testing facilities like a spectrometer, Image Analyzer, and UTM. The flanges are a critical component that requires holding huge pressure during the flow of water, oil, gas or other chemicals. Thus, it becomes imperative to have many international quality certifications to control the overall quality of flanges to be able to sell in developed countries. Thus giving MFPL a competitive edge over its competitors.

Credit Risks

4. **Entry barriers:** Entry Barriers in the scaffolding industry include high initial capital investment for equipment and infrastructure, the need for skilled labor and extensive training, stringent safety regulations and compliance requirements, and the importance of establishing strong industry relationships and a proven track record. New entrants may also face challenges from established competitors, brand reputation, and the complexity of managing a diverse and potentially high-risk business.
5. **Susceptibility to the cyclical nature of the industries:** The performance of the company is linked to the steel industry, with cyclical changes in demand and price volatility. The scaffold industry primarily depends upon the real estate industry, which is highly cyclical in nature and has a direct linkage with general macroeconomic scenarios. Furthermore, the demand for flanges is also cyclical as it has a direct relationship with the end user's industry being capital intensive in nature.
6. **Exposure to raw material price volatility:** The scaffold industry's exposure to raw material price volatility, primarily steel, leads to higher production costs, impacting profit margins and potentially disrupting supply chains. Geopolitical events, inflation, and supply chain disruptions cause price fluctuations, forcing manufacturers to either pass costs to customers, absorb losses, or implement strategies like long-term contracts, hedging, and sourcing alternative materials to manage these risks.

RATING SENSITIVITY FACTORS

Going forward, the company's ability to achieve a sustained improvement in its scale of operations, profitability margins, overall credit risk profile, and efficiently manage its working capital requirements will remain the key rating sensitivities.

Positive: The rating may be upgraded if the company demonstrates a sustained improvement in its operational and financial performance, with Net Profit Margins exceeding 8%, Total Operating Income (TOI) exceeding 230.00 crore, accompanied by a significant and sustained increase in the

scale of operations, while maintaining a strong financial risk profile and adequate liquidity.

Negative: A rating downgrade may be triggered by an inability to sustain the current levels, with Net margins below 5%.

LIQUIDITY POSITION - Adequate

The company has an adequate liquidity position, marked by a comfortable current ratio of 1.90x as on 31 March 2026 (audited). The company generated sufficient internal cash accruals (ICAs) of ₹14.39 crore in FY26 against debt obligations of ₹4.08 crore, providing adequate coverage for its debt servicing requirements. The average utilisation of its fund-based working capital limits with Yes Bank & Axis Bank stood at around 34% during the 12 months ended July 2026, indicating sufficient headroom in working capital availability. Further, the company maintained free cash and bank balances of ₹6.85 crore as on 31 March 2026, providing an additional liquidity cushion.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

BWR believes that the ESG profile of Munish Forge Ltd. supports its overall credit risk profile.

Environmental: Moderate environmental risk due to energy-intensive forging and casting operations, with exposure to emissions, water usage, and process waste. The company has ISO 14001 certification and applicable pollution-control consents, along with initiatives such as solar power; however, quantitative ESG disclosures remain limited.

Social: Moderate social risk given the safety-sensitive manufacturing operations. The company has safety protocols, employee training, statutory benefits, and POSH-related mechanisms in place, though detailed disclosures on safety performance and workforce practices are limited.

Governance: Adequate governance supported by experienced management, independent directors, and established board committees. The company has policies covering risk management, related-party transactions, whistle-blower mechanism and CSR, although ESG-specific targets and KPIs are limited

COMPANY/FIRM PROFILE

Industry Classification			
Macroeconomic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Iron & Steel Products

Munish Forge Pvt. Ltd. is a company incorporated under the Companies Act, 1956 and was incorporated in July, 1986. It has its registered office and principal place of business at Village Gobindgarh, Adjoining Phase VII, Focal Point, Ludhiana. The company is registered with ROC, Chandigarh, bearing Registration number-006950. The company is primarily engaged in manufacturing scaffolding systems and fittings, flanges, auto parts, pressings, closed die forgings, fabrications, and ERW tubes. The plant is equipped with ultra-modern machinery, a fully fledged CNC tool room, and a well-stocked laboratory with a spectrometer and tensile testing machinery. The company is well-equipped to manufacture the entire product range as per the international standards. In the year 2013-14, the company stepped into the manufacturing of products used by Defence, like Bomb shells, tank chains, etc., and has been supplying the same to the ordnance factories governed by

the Government of India. For decades, the company has been exporting its wide range of products to countries like the USA, Canada, Egypt, France, Germany, UK, and Saudi Arabia. The operations of the company are ISO 9001:2008 certified.

KEY FINANCIAL INDICATORS

Standalone Financial Indicators (in ₹ crore)	FY 24 (A)	FY 25 (A)	FY 26 (A)
Operating Revenue	158.16	175.45	182.64
EBITDA	9.98	24.36	21.43
PAT	5.00	14.44	10.53
Tangible Net Worth	43.48	66.64	125.45
Total Debt/ Tangible Net Worth	1.15	0.90	0.45
Current Ratio	1.59	1.33	1.90

A: Audited UA: Unaudited NA: Not Available; P: Provisional *PBILDT: Profit before interest, lease rentals, depreciation and tax.

Note: These are the latest available financial results All ratios as per BWR's calculations; Amount in ₹ crore.

RATING HISTORY FOR THE PREVIOUS THREE YEARS

Current Rating (2026)				Rating History					
				FY 25		FY 24		FY 23	
Instrument	Tenor	Amount (₹. Crore)	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan-Outstanding	LT	3.22	BWR BBB-/Negative Reaffirmation & Change in Outlook	15 Sep 2025	BWR BBB-/Stable (Assignment)	29 Aug 2024	BWR B+/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	30 Aug 2023	BWR BB/Stable (ISSUER NOT COOPERATING*/Downgrade)
Term Loan-Outstanding	LT	0.00	Withdrawal	15 Sep 2025	BWR BBB-/Stable (Assignment)	29 Aug 2024	BWR B+/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	30 Aug 2023	BWR BB/Stable (ISSUER NOT COOPERATING*/Downgrade)
Cash Credit - Sanctioned	LT	33.00	BWR BBB-/Negative Reaffirmation & Change in Outlook	15 Sep 2025	BWR BBB-/Stable removal from ISSUER NOT COOPERATING* category/Upgraded	-	-	-	-
Cash Credit - Sanctioned	LT	27.65	BWR BBB-/Negative Assignment	-	-	-	-	-	-
Bank Guarantee - Sanctioned		14.00	BWR A3/Reaffirmation	15 Sep 2025	BWR A3/removal from ISSUER NOT COOPERATING*	29 Aug 2024	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	30 Aug 2023	BWR A4 (ISSUER NOT COOPERATING*/Reaffirmation)

					category/Upgraded				
Letter of Credit (Sub Limit of CC) - Sanctioned		(30.65)	BWR A3/Reaffirmation	15 Sep 2025	BWR A3/removal from ISSUER NOT COOPERATING* category/Upgraded	29Aug 2024	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	30Aug 2023	BWR A4 (ISSUER NOT COOPERATING* /Reaffirmation)
Loan Equivalent Risk (LER) - Sanctioned		3.50	BWR A3/Assignment						
Total		81.37	(Rupees Eighty One Crores and Thirty Seven Lakhs)						

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Fund Based	Simple
Non-Fund Based	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 BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY):

NA

ANY OTHER INFORMATION: None

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Annexure I: Details of Bank Loan Facilities
(Amount in
Rupees Crore)

S.No	Type	Facilities	Tenor	Bank	Total	Regulator
1	FB	Term Loan - Outstanding	Long term	Axis Bank	3.22	RBI
2	FB	Cash Credit - Sanctioned	Long term	Axis Bank	30.65	RBI
3	NFB	Bank Guarantee - Sanctioned	Short term	Axis Bank	11.00	RBI
4	NFB	Loan Equivalent Risk (LER) - Sanctioned	Short term	Axis Bank	3.50	RBI
5	FB	Cash Credit - Sanctioned	Long term	Yes Bank	30.00	RBI
6	NFB	Bank Guarantee - Sanctioned	Short term	Yes Bank	3.00	RBI
Total					81.37	

ANNEXURE II: Details of Instruments/Facilities

Name of the Instrument / Facility	Long Term/Short Term	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DDMM-YYYY)	Size of the Issue (₹ cr)	Rating Assigned and Rating Outlook	Regulator
Nil	Nil	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

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

No.	Instrument/Activity Name	Regulator of the Instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference shares (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brickwork Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and the investor-side regulators have accordingly been included.

§ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to rating of instruments regulated by other FSR (Financial Services Regulators), please contact grievance@brickworkratings.com

Disclosure of Conflict of Interest

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

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]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner.

Brickwork offers credit ratings of bank loans, 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, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporate and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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