Rating Rationale
24 Nov 2026

New Melting Centre Pvt Ltd

SUMMARY OF RATING ACTION

Facilities / Instrument	Tenure	Amount (₹ crore)		Rating Assigned & Outlook		Regulator
		Previous	Present	Previous (12th Jan 2026)	Present	
Fund-Based	Long Term	2.74	**0.00**	BWR BB+/Stable Upgraded	**Withdrawal**	**RBI**
Fund-Based	Long Term	13.00	**13.00**	BWR BB+/Stable Upgraded	**BWR BB+/Stable/ Reaffirmation**	**RBI**
Fund-Based	Long Term	30.98	**26.59**	BWR BB+/Stable Upgraded	**BWR BB+/Stable/ Reaffirmation**	**RBI**
Fund-Based Total		**46.72**	**39.59**			
Non-Fund-Based	Short Term	5.00	**5.00**	BWR A4/ Reaffirmation	**BWR A4/ Reaffirmation**	**RBI**
Non-Fund-Based	Short Term	(03.00)	**(03.00)**	BWR A4/ Reaffirmation	**BWR A4/ Reaffirmation**	**RBI**
Non-Fund-Based	Short Term	(03.00)	**(03.00)**	BWR A4/ Reaffirmation	**BWR A4/ Reaffirmation**	**RBI**
Non-Fund-Based Total		**5.00**	**5.00**			
Total		**51.72**	**44.59**	**(Forty Four Crores and Fifty Nine Lakhs Only)**		

Note:
1. Please refer to 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

BWR withdraws the bank loan facilities of Rs. 2.74Crs. and reaffirms the rating to 'BWR BB+/Stable/A4' for the bank loan facilities of Rs. 44.59 Crs and of New Melting Centre Pvt. Ltd. The company's ratings are positively supported by the extensive industry experience with stability of its key leadership and Integrated operations. Backed by nearly 25 years of institutional knowledge, the management team has established critical, long-term relationships with major industrial clients. The company's ratings are constrained by Capital expenditure intensity, Weak liquidity position, and downward trend in projection of FY27 and FY28. These interconnected factors lead to significant margin compression and strain on overall cash flow stability. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. BWR believes 'New Melting Centre Pvt. Ltd's business risk profile will be maintained over the medium term. The outlook may be revised to Positive if a sustained increase in the scale of operations and higher than envisaged profitability result in an improved financial risk profile and better gearing and debt protection metrics. The outlook may be revised to Negative if lower-than-expected revenue or profitability, a stretch in the working capital cycle, unanticipated capex, or weakening gearing impact the financial risk profile.

KEY COVENANTS OF THE INSTRUMENT/FACILITY

Standard Covenants Applicable.

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	• General Criteria • Approach to financial ratios • Short Term Debt • Manufacturing Sector • Withdrawal Policy
Parent/Group/Government Support	Not Applicable
Analytical Approach (Consolidation/ Standalone)	Standalone

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:

Location advantage :
Presence in Kolhapur foundry cluster (large vendor base, skilled labour, proximity to OEMs) supports competitive sourcing, faster turnaround and cost advantages.

Experienced management team with industry expertise :
The promoters have more than a decade of experience in the steel melting and manufacturing sector, supporting timely decision-making and operational efficiency.

Credit Risks

Exposure to volatility in raw material prices :
Profitability remains susceptible to fluctuation in steel scrap, sponge iron, and billet prices due to high correlation with global steel cycles.

Competitive & fragmented industry structure :
The presence of several small and mid-sized players limits pricing power and margins.

RATING SENSITIVITY FACTORS

Positive Triggers – For Upgrade

- Sustained improvement in the scale of operations, with Total Operating Income exceeding Rs. 200 Crs, along with an improvement in net profit margin above 3%.
- Further strengthening of the capital structure, marked by improvement in DSCR and reduction in overall gearing.
- Improvement in working capital management, leading to an enhancement in the current ratio above unity, a reduction in operating cycle days, and improved cash flow generation.

Negative Triggers – For Downgrade

- Decline in the scale of operations, with Total Operating Income falling below Rs. 182 crore.
- Deterioration in profitability, with net profit margins declining below present level.
- Deterioration in the working capital cycle and liquidity position, reflected through weakening current ratio and debt protection metrics.

LIQUIDITY POSITION - Stretched

The company's liquidity profile remains stretched, supported by the internal accruals. The company generated cash accruals of Rs 11.57Crs. in FY25, covering its CPLTD of Rs 11.90Crs., and cash accruals of Rs. 16.33Crs. covering the CPLTD of 8.76Crs in FY 26. indicating improvement in debt servicing capability. The current ratio remains moderate at 0.75x in FY25 and 0.77x in FY26. Further, it has utilized working capital limits of around 65%, and cash and bank balance of Rs 2.22Crs. in FY25 and Rs. 4.92Crs. in FY26. Similar trend will be observed in FY27 and FY28.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

Environmental: The company's profile is characterized by high inherent exposure to environmental risk, stemming from its energy-intensive ferrous/non-ferrous melting (2,000 MT/month capacity) and heavy CNC/ VMC machining. Key monitoring factors center on power consumption intensity, air emission abatement, hazardous and non-hazardous waste management (foundry slag, spent sand, coolant swarf), and strict adherence to state pollution control norms across its Kolhapur and Kagal MIDC sites.

Social: Social factors are driven by operational safety and human capital management. Foundry and heavy machining environments inherently carry elevated occupational health and safety (OHS) risks. Credit resilience is supported by the company's location within the established Kolhapur automotive cluster, providing access to skilled labor; however, ongoing adherence to statutory labor laws, low incident rates, and upskilling required for IATF 16949 automotive standards remain critical to avoiding operational disruptions.

Governance: The governance profile reflects a closely held, promoter-driven private limited structure originating from a 1996 partnership. While operational execution and industry experience are strong—evidenced by customer retention and multi-unit expansion—institutional oversight remains centralized. Key areas for strengthening include broadening board independence, establishing formal internal audit committees, and deepening enterprise-wide risk management processes.

COMPANY/FIRM PROFILE

Industry Classification			
Macroeconomic Indicator	**Sector**	**Industry**	**Basic Industry**
Industrials	**Capital Goods**	**Industrial Products**	**Castings and Forgings**

KEY FINANCIAL INDICATORS

Standalone Financial Indicators (in ₹ crore)	FY24(A)	FY 25(A)	FY26 (A)
Operating Revenue	129.9	157.99	188.70
EBITDA	12.16	16.84	22.90
PAT	0.47	3.83	7.96
Tangible Net worth	17.09	20.92	28.89
Total Debt/ Tangible Net worth	3.11	2.31	1.96
Current Ratio	0.85	0.75	0.77

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results P: Provisional *PBILDT: Profit before interest, lease rentals, depreciation and tax. All ratios as per BWR's calculations; Amount in ₹ crore.

RATING HISTORY FOR THE PREVIOUS THREE YEARS

	Current Rating (2026)			Rating History					
				FY24		FY25		FY26	
Instrument	Tenor	Amount (₹. Crore)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	Long Term	0.00	Withdrawal	3rd Sept 2024	BWR D Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed Rs. (49.25Crs.)	20th Jan 2025	BWR BB /Stable removal from ISSUER NOT COOPERATING* category/ Upgraded (52.71Crs.)	12th Jan 2026	BWR BB+/ Stable Assignment (Rs. 6.66Crs.)
		39.59	BWR BB+/ Stable/ Reaffirmation						BWR BB+/ Stable Upgraded (Rs. 40.06Crs.)
Non Fund Based	Short Term	5.00	BWR A4/ Reaffirmation	3rd Sept 2024	Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed (Sublimit of Rs. 6Crs.)	20th Jan 2025	BWR A4 removal from ISSUER NOT COOPERATING* category/ Upgraded (1.54Crs and Sublimit of Rs. 6Crs.)	12th Jan 2026	BWR A4 Reaffirmation (Rs. 5Crs. and Sublimit of Rs. 6Crs.)
		(6.00)							

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

Contacts	
Analyst Team Contact *Sabitha M Nayak* *Associate Director - Ratings* *sabitha.nayak@brickworkratings.com* *Srija Das* *Rating Analyst* *srija.das@brickworkratings.com*	**Relationship Contact** *Ahmad Khudabaksh Kasar* *ahmad.kasar@brickworkratings.com* **Client Support** *clientsupport@brickworkratings.com*

Annexure I: Details of Bank Loan Facilities

(Amount in Rupees Crore)

Type	Facilities	Tenor	Bank	Total	Regulator
Fund Based	Term Loan-Outstanding	Long Term	Axis Bank	0.22	RBI
Fund Based	Cash Credit-Sanctioned	Long Term	Axis Bank	6.00	RBI
Non-Fund Based	Bank Guarantee-Sanctioned (Sublimit of CC)	Short Term	Axis Bank	(3.00)	RBI
Non-Fund Based	Letter of Credit-Sanctioned (Sublimit of CC)	Short Term	Axis Bank	(3.00)	RBI
Fund Based	Term Loan-Outstanding	Long Term	Electronica Finance Ltd	3.51	RBI
Fund Based	Term Loan-Outstanding	Long Term	HDFC Bank	22.21	RBI
Fund Based	Cash Credit-Sanctioned	Long Term	HDFC Bank	7.00	RBI
Non-Fund Based	Bank Guarantee-Sanctioned	Short Term	HDFC Bank	5.00	RBI
Fund Based	Term Loan-Outstanding	Long Term	NKGSB Co-Operative Bank	0.27	RBI
Fund Based	Term Loan-Outstanding	Long Term	Tata Capital Financial Services Ltd	0.38	RBI
Total	**(Rupees Forty Four Crores and Fifty Nine Lakhs Only)**			**44.59**	

ANNEXURE II: Details of Instruments/Facilities-NIL

ANNEXURE III: List of Entities Consolidated-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:

A.	Rating activities	
Sr. 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 share (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), Brick Work 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 regulatory regime prior to 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.

Note: 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.

B.	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating such as research for Economy, Industries and Companies	NA

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 an institutional investor in Brickwork.

Brickwork 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, 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.

Disclaimer

Nature of Ratings & Information: BWR ratings are opinions on the relative ability of an entity/instrument to meet its financial obligations and are based on information obtained from issuers and other sources believed to be reliable. BWR does not conduct audits, due diligence, or independent verification of such information and does not guarantee its accuracy, adequacy, or completeness. Ratings are current only as of the date of publication and may be revised based on new or unavailable information.

No Advice or Recommendation: Ratings, reports, and related communications are not investment advice and do not constitute recommendations to buy, sell, or hold securities, or to sanction, renew, or disburse credit facilities. They do not represent offers or solicitations for any transaction. Users must rely on their own independent judgment and professional advice. Access to or use of these materials does not create any client relationship with BWR.

Liability, Usage & Regulatory Framework: This content is published for the purpose of dissemination of information as required under applicable laws and regulations. BWR holds exclusive copyright over the content. It may be used with appropriate credit to BWR, provided that the content is not altered or modified in any way that could change its meaning or intent. BWR retains the exclusive right to distribute or share its rating rationales, directly or indirectly, through any print, digital, or electronic media. All reports are provided on an "as is" basis without warranties of any kind, express or implied, including but not limited to merchantability, fitness for a particular purpose, or non-infringement. BWR and its affiliates shall not be liable for any direct, indirect, incidental, or consequential losses or damages arising from the use of these reports. Ratings are subject to continuous surveillance and may be revised, suspended, or withdrawn at any time without notice. These reports are intended for use within India only. BWR operates under SEBI Regulations and Code of Conduct.

For more information on policies and ratings, please visit our website **www.brickworkratings.com**