Manaksia Steels Limited

July 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	60.00 (Enhanced from 45.00)	CARE A-; Stable	Reaffirmed
Short-term bank facilities	440.00 (Enhanced from 330.00)	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Manaksia Steels Limited (MSL) considers the company's satisfactory operational performance in FY25 (refers to April 01, 2024 to March 31, 2025) in terms of sales volumes, despite moderation in total operating income (TOI) and margins due to sharp reduction in sales realisation during the year. Ratings also consider the successful commissioning of the Galvalume Plant project in June 2025. Ratings further derive strength from promoters' long experience in steel industry, strategic location of the plant, and comfortable capital structure.

However, ratings remained constrained by small scale of operations, geographical and client concentration risk, and low capacity utilisation despite improvement in FY25. Ratings have also been restricted due to MSL's profitability being susceptible to raw material price volatility, exposure to foreign exchange fluctuation risk, and cyclicality associated with the steel industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations beyond ₹750 crore led by increase in volumes, and profitability margin beyond 8% on a sustained basis.
- Sustenance of capital structure and debt protection metrics.

Negative factors

- Decline in scale of operations below ₹400 crore and operating profitability below 5% on a sustained basis.
- Deterioration in overall gearing and total debt to gross cash accrual (TD/GCA) beyond 0.35x and 5x, respectively, on a sustained basis.
- Worsening of operating cycle beyond 75-80 days on a sustained basis.

Analytical approach: Standalone.

Outlook: Stable

Stable outlook reflects the entity's ability to improve its operating performance and profitability margin over the near-to-medium term, while maintaining its comfortable capital structure.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

MSL is promoted by Suresh Kumar Agrawal and family. Suresh Kumar Agrawal (chemical engineer) has an experience of about four decades in steel manufacturing industry. His son, Varun Agrawal, manages the company's day-to-day affairs with the support of experienced professionals.

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

Strategic location of the plant
In manufacturing steel products, freight cost constitutes a significant portion as large amount of bulky raw material is required to be sourced to the manufacturing site. The company needs to procure HR coils and zinc from domestic and overseas supplier. The plant's proximity to Haldia port helps the company to save logistics cost.

Satisfactory operational performance in FY25, despite moderation in TOI and margins
The company's operational performance was satisfactory, with year-over-year (y-o-y) increase in sales volume by 21% in FY25. However, in terms of revenue, the company's TOI decreased to ₹584 crore in FY25 from ₹632 crore in FY24, due to lower sales realisation of finished goods. The realisations were significantly impacted by cheap imports of materials from China and neighbouring countries. The sharp reduction in realisations in the previous year led to a decrease in PBILDT margins from 5.13% in FY24 to 2.06% in FY25.

However, revenues and margins are anticipated to improve in the near-to-mid-term due to the successful commissioning of the Galvalume plant by the company in June 2025. This, and increased sales from Galvalume sheets, will enhance the utilisation of existing capacities for CR coils and colour-coated sheets. The company has started selling in new markets in central and southern India, which is expected to boost revenues. Implementation of safeguard duties on imports of flat steel products and revised BIS norms for imports from neighbouring countries led to improved sales realisations, which are expected to continue improving in the near-to-mid-term, resulting in stable margins.

Comfortable capital structure and debt protection metrics
The company's capital structure continued to remain comfortable with overall gearing at 0.67x as on March 31, 2025 (PY: 0.59x). Slight moderation in capital structure was majorly considering increase in LC-backed creditors used for import of raw materials. MSL imported majority HR coil requirements in FY25 due to better product mix and competitive pricing. However, debt coverage metrices moderated in FY25 with TD/GCA at 12.89x in FY25 against 4.81x in FY24 and interest coverage ratio at 1.47x in FY25 against 4.50x in the previous year owing to higher interest cost. The coverage ratios are expected to improve in the near-to-mid-term with expected improvement in revenues and stabilisation of profitability margins.

Commencement of operation of the galvalume plant
MSL has taken a step forward towards debottlenecking its production process and has successfully completed its phase-1 of the project of installing 110,200 MTPA capacity galvalume plant. Galvalume is a type of proprietary steel coating that consists of ~55% aluminium, 43.4% zinc, and 1.6% silicon. Due to this composition, it is more effective in protecting the base metals from corrosion and the elements with reduced cost. The total project cost was ~₹85.00 crore, as envisaged, and it has been entirely funded through internal accruals of the company. There has been delay of few months in the project's completion due to delay in supply of imported machineries. The plant started its commercial operation from June 10, 2025. This is expected to improve the company's scale of operation significantly and increase the overall capacity utilisation level.

MSL is also in process to undertake the project's phase-2, which is enhancement of the colour coating capacity by 72,000 MTPA at a total cost of ₹40.00 crore. However, this is still in planning stage.

Key weaknesses

Small scale of operation
MSL operates on a relatively small scale compared to other players operating in the industry, with income from operations and total capital employed of ₹584 crore and ₹314 crore, respectively, in FY25 (₹632 crore and ₹332 crore in FY24). The scale of operation is expected to grow from FY26 onwards with addition of galvalume capacity of 110,200 MTPA.

Geographical and client concentration risk
MSL's customer base remained concentrated with top 10 customer contributing over 52% sales in FY25 (52% in FY24). The company generated revenue of ~77% in FY25 from selling its products in domestic market and rest through exports. In FY25, ~18% sales include supply of HR Coils and trading aluminium sheets to its group companies based in Nigeria (MINL Limited and Sumo Steel Limited). The company is currently focusing on European markets, as there is notable demand for high-quality colour-coated sheets.

Low capacity utilisation despite improvement in FY25
The company's production process involves re-rolling of HR coils at room temperature to achieve exact shapes and better surface qualities to produce CR coils which are then galvanised (zinc coated) and colour coated. MSL's installed capacity for FY25 was 192,000 MTPA (120,000 MTPA CR coils capacity; 24,000 MTPA galvanising capacity; 48,000 MTPA colour coating capacity) with

improvement in capacity utilisation to 46% (FY24: 39%). However, the utilisation remained low due to mismatch in capacities of different stages of production. MSL is currently debottlenecking its production facilities with the galvalume unit of 110,200 MTPA which has started operation from June 10, 2025. Therefore, the overall capacity utilisation is expected to increase from FY26 onwards.

Profitability susceptible to volatility in prices of raw materials and finished goods
Raw material expense is the major cost driver for MSL. The major raw materials are HR coils, zinc, and galvalume. Both, the raw material prices and steel product prices are highly volatile due to commodity product, whose prices are determined based on global demand and supply. Considering the volatility in prices and lack of backward integration, the company's profitability is susceptible to fluctuation in raw material and finished good prices.

Exposure to foreign exchange fluctuation risk
MSL procured most raw material, HR coils, majorly from Japan with raw material import at ~75% in FY25 of total raw material purchase. This was mainly considering dip in raw material prices in the international market and also availability of more diversified product mix compared to domestic suppliers. Hence, the company is exposed to foreign exchange fluctuation risk of raw materials imported for the purpose of domestic manufacturing. The company reported forex loss of ₹3.37 crore in FY25 against ₹1.68 crore in FY24. The company also exports its products to countries such as Bhutan and Nigeria. Majority sales to Bhutan are done on advanced basis.

Cyclicality associated with the steel industry
Steel is a cyclical industry, strongly correlated to economic cycles since its key users including construction, infrastructure, automobiles, and capital goods heavily depend on the economy. Fall in demand in any of these sectors directly impacts the demand of steel products. The steel industry is sensitive to the shifting of business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market.

Liquidity: Adequate
The company's liquidity position is adequate, characterised by GCA of ₹15.94 crore in FY25, with negligible debt repayment obligations and low utilisation of its fund-based working capital limits. The company had an average maximum utilisation of 28% over the 12-month period ending March 2025, against a sanctioned limit of ₹45 crore.

As on March 31, 2025, the company had free cash and liquid investments totalling ₹113 crore. The company held ₹20.39 crore in lien-marked fixed deposits. The cash flow from operations (CFO) for FY25 was ₹51.36 crore. Operating cycle changed significantly due to an increase in creditor days, which rose from 70 days in FY24 to 126 days in FY25, driven by higher imports of raw materials. Meanwhile, the debtor period and inventory cycle remained relatively stable.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Iron & Steel

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron & steel products

MSL was incorporated on June 07, 2001, by Kolkata-based Suresh Kumar Agrawal and family. It was a dormant company till October 01, 2013, before the demerger of steel division of Manaksia Limited (ML) to MSL. MSL is engaged in manufacturing cold rolled sheets, galvanised plain and corrugated sheets and colour-coated sheets.

The company has a manufacturing capacity of 120,000 metric tonne per annum (MTPA) of steel cold rolling products, 24,000 MTPA galvanising plant and 48,000 MTPA colour coating line at Haldia. From June 2025, the company has started operating a galvalume unit of 110,200 MTPA capacity. The company also has a 30,000 MTPA galvanising plant at Bankura. However, the Bankura plant is not operational since FY14 onwards.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	631.96	584.18
PBILDT	32.44	12.05
PAT	30.22	11.70
Overall gearing (times)	0.59	0.67
Interest coverage (times)	4.50	1.47

A: Audited. Note: these are latest available financial results

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 A-; Stable
Non-fund-based - ST-BG/LC		-	-	-	440.00	CARE A2+

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 A-; Stable	1)CARE A-; Stable (03-Jul-25)	1)CARE A-; Stable (05-Jul-24)	1)CARE A-; Stable (07-Jul-23)	1)CARE A-; Stable (29-Jun-22)
2	Non-fund-based - ST-BG/LC	ST	440.00	CARE A2+	1)CARE A2+ (03-Jul-25)	1)CARE A2+ (05-Jul-24)	1)CARE A2+ (07-Jul-23)	1)CARE A2+ (29-Jun-22)

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	Non-fund-based - ST-BG/LC	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.

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