MLU Metaliks Private Limited

August 14, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	34.90 (Enhanced from 30.00)	CARE BB; Negative / CARE A4+	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of MLU Metaliks Private Limited (MMPL) are constrained by moderate scale of operations and thin profitability margins, leverage capital structure and weak debt coverage indicators, customer and geography concentration risk, fragmented nature of steel trading industry leading to intense competition and profitability susceptible to fluctuation in traded goods price with cyclical nature of steel industry. However, ratings derive strength from experience of its promoters in iron and steel products trading business, well-diversified network of suppliers, diversified product mix and efficient working capital management.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operations above ₹500.00 crore, while achieving operating margins beyond 4.00% on a sustained basis.
- Improving capital structure marked by overall gearing below 2.00x on a sustained basis.

Negative factors

- Declining scale of operations below ₹150.00 crore with moderating profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins below 2.00% on a sustained basis.
- Moderating total outside liabilities / net worth going above 4.00x on a sustained basis.

Analytical approach: Standalone

Outlook: Negative

The outlook has been revised from 'Stable' to 'Negative' due to losses incurred at PAT and GCA levels in FY25 and higher working capital limits utilisation leading to concern about the deterioration of its financial risk profile, with anticipated continuation in FY26. The outlook may be revised to stable if the company's PAT and GCA are positive and improve to earlier levels leading to improved capital structure and coverage ratios.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations and thin profitability margins

The company's total operating income (TOI) is marked moderate as it stood at ₹277.21 crore in FY25 as against ₹245.40 crore in FY24. The moderate size might restrict the financial flexibility of the entity in times of stress and deprives it from benefits of economies of scale. The margins are thin owing to trading nature of business and stayed at ~2.06% in FY25 as compared to 3.79% in FY24. The moderation in the margins is due to severe volatility in commodity prices during the last year. The same has led to loss of around Rs 1.02 crore in FY25 at PAT level. In Q1FY26 the company has achieved TOI of Rs 65.00 crore as articulated by the management. The company's turnover is expected to improve gradually in the near-to-medium term.

Leveraged capital structure and weak debt coverage indicators

The company's capital structure is leveraged marked by overall gearing of 3.62x as on March 31, 2025, as against 2.24x as on March 31, 2024. The moderation in capital structure is on account of utilisation of working capital limits on balance sheet date and erosion in networth due to losses in FY25. Consequently, the Total outside liability to Total net worth (TOL/TNW) stood at 3.66x in FY25 (PY: 2.59x).

Customer and geography concentration risk

MMPL has been successful in establishing a network of customers by virtue of its long existence in the steel sector. The company supplies to a multitude of customers with top 10 customers constituting ~69% of TOI in FY25(PY: ~74%). Sales are concentrated towards exports (to Nepal) constituting ~72% of sales (PY: ~81%).

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

Fragmented steel trading industry leading to intense competition

The Indian steel industry is highly fragmented and competitive, especially in the downstream segment with limited scope of product differentiation, which results in very high competition leading to lower bargaining power with customers. The steel trading industry is characterised by low-entry barriers primarily due to minimal capex requirements and easy availability of basic technology, which has resulted in proliferation of several small and large traders across the country. Widespread demand for steel and small quantities in which retail customers consume, also led to increase in the number of players in this industry. The highly fragmented industry with intense competition, resulted in very thin profit margins.

Profitability susceptible to fluctuation in traded goods price with cyclical steel industry

Iron and steel industries are inherently cyclical in nature and prices are exposed to fluctuations driven by broader market dynamics. These increasing prices without a corresponding increase in retail price can impact the company's margins. Steel sector, being a cyclical industry, is strongly correlated to economic cycles since its key users, construction, infrastructure, automobiles, and capital goods heavily depend on the economy. Increase in prices without a corresponding increase in retail price can have an impact on the company's margins.

Key strengths

Experienced promoters in iron and steel products trading business

The company was established by Pawan Kumar Bansal in April 2013, and it has a track record of being in operations for over a decade. The company's promoters boast over a decade of experience in steel products trading industry. Extensive knowledge of market dynamics has facilitated strong relationships with suppliers and customers, which will contribute to the business' sustained growth. Second-tier management consists of team of professionals heading departments including marketing, procurement, logistics and finance.

Well-diversified network of suppliers and diversified product mix

MMPL has been successful in establishing a network of suppliers by virtue of its long existence in the steel sector. MMPL is the distributor of iron & steel products and procures its trading materials from multitude of suppliers like Shri Jagannath Steels & Power Limited, Super Smelters Limited, and Neo Metaliks Limited, among others and sells its product to steel makers, traders, and end-users. MMPL has a well-diversified product mix. The products range from MS Billets, MS Ingots, MS wire rod, Pig Iron, sponge iron and sponge iron lumps.

Efficient working capital management

The company efficiently manages its working capital. The company's operating cycle stood at 12 days as on March 31, 2025, as compared to 9 days on March 31, 2024. The average collection period stood at 13 days as on March 31, 2025, at similar levels of previous year. The company usually maintains inventory of ~1-2 days and receives credit period of 2-4 days from its suppliers. In FY25, the creditors were nil and there were advances to suppliers to the extent of Rs 26.64 crores. As on March 31, 2025, gross current assets stood at 58 days (PY: 53 days).

Liquidity: Adequate

The company is expected to generate sufficient gross cash accruals against its negligible repayment obligations in FY26. The average fund-based limits utilisation stood around 87% for past 12 months ended June 2025. Further the company has free cash and bank balance to the tunes of Rs 0.11 crore as on March 31, 2025. The current ratio of the company stood at 1.27x in FY25 (PY: 1.33x).

Applicable criteria

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Metals & Minerals Trading	Trading - Metals

MMPL was incorporated in April 2013 as a trading house with its registered office in Kolkata, West Bengal. MMPL is promoted by Pawan Kumar Bansal, Shubham Bansal and the day-to-day operations are managed by a team of experienced professionals. Pawan Kumar Bansal has an experience of over 10 years in trading steel products. The company is a distributor and exporter of steel and iron products such as pig iron, MS billets, MS ingots, sponge iron and MS wire rod. The company has recently started trading of coal.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26(UA)
Total operating income	245.40	277.21	65.00
PBILDT	9.29	5.72	-
PAT	1.21	-1.02	-
Overall gearing (times)	2.24	3.62	-
Interest coverage (times)	1.18	0.85	-

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL Ratings has conducted the review on the basis of best available information and has classified MMPL as 'Issuer Not Cooperate' category as the Issuer did not Cooperate vide its press release dated August 19, 2024. The reason provided by CRISIL Ratings is non-furnishing of requisite information for monitoring of ratings.

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Packing Credit in Foreign Currency		-	-	-	34.90	CARE BB; Negative / CARE A4+

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/ ST-Packing Credit in Foreign Currency	LT/ST	34.90	CARE BB; Negative / CARE A4+	-	1)CARE BB; Stable / CARE A4+ (02-Aug-24)	-	-

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/ ST-Packing Credit in Foreign Currency	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE 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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