

Mark Steels Limited

October 08, 2025

Facilities	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term / Short-term bank facilities	17.50	CARE BBB; Stable / CARE A3	Reaffirmed
Short-term bank facilities	1.10	CARE A3	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Mark Steels Limited (MSL) continue to derive strength from the long-standing presence of promoters in the iron and steel industry, strategic location of the plant near raw material sources, sustained operating profitability margin despite moderation in revenue in FY25 (FY refers to April 01 to March 31), comfortable capital structure and debt protection metrics with nil debt position as on the balance sheet date, and adequate liquidity profile.

Ratings are, however, constrained by the small scale of operations, absence of captive power plant, non-operating ingot manufacturing unit, susceptibility of profitability to volatility in prices of raw materials and finished goods, highly commoditised and fragmented nature of the secondary steel industry, and exposure to cyclical nature inherent in the steel industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operations (total operating income above ₹300 crore) while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 4%.
- Moving up the value chain through successful forward integration initiatives and deriving benefits therefrom.

Negative factors

- Declining scale of operations below ₹150 crore and operating profitability below 3% on a sustained basis.
- Significant debt-funded capital expenditure, leading to deterioration in overall gearing above 0.25x.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the entity is likely to sustain its comfortable financial risk profile with negligible debt and strong cash balances and liquid investments while maintaining profitability margins in the short to medium-term.

Detailed description of key rating drivers:

Key strengths

Comfortable capital structure and debt protection metrics

The capital structure continues to remain comfortable, marked by robust overall gearing of nil as on March 31, 2025 (nil as on March 31, 2024) due to nil debt position. Total debt/gross cash accruals (TDGCA) also remained robust at nil as on March 31, 2025 (nil as on March 31, 2024). Considering the absence of major debt-funded capital expenditure plans, CARE Ratings Limited (CareEdge Ratings) expects the capital structure and debt coverage indicators to remain comfortable going forward.

Strategic location of the plant near raw material source

Almost 2.5 million tonne of raw material is required to produce one million tonne of finished product. Due to the bulky nature of key raw materials, the location of the steel plant is a key rating factor. MSL's manufacturing facility is in Purulia district, West Bengal. By virtue of its location, MSL benefits from proximity to raw material sources (iron ore, coal, and pig iron), which are procured from suppliers mainly based in West Bengal and Jharkhand. Customers are primarily steel players based in West Bengal.

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

The plant is well connected by road (24 km from National Highway-19 and 36 km from National Highway-14) and railways (19 km from the plant), facilitating easy transportation of raw materials and finished goods.

Long presence of promoters in iron and steel industry

MSL was incorporated by the Manaksia Group, Kolkata. The group has four decades of manufacturing experience in steel, aluminium, and packaging segments. The day-to-day operations are managed by Umesh Kumar Jhunjhunwala, who has ~20 years of experience in the steel industry, supported by experienced professionals.

Sustained operating profitability margin despite moderation in revenue in FY25

Total operating income declined to ₹152.83 crore in FY25 compared to ₹169.61 crore in FY24 due to lower sales volume and realisation. Despite the decline in average realisation, raw material cost also declined (especially coal prices), enabling the company to maintain a margin of 5.43% in FY25 (5.52% in FY24). Operating margins are expected to remain stable at ~5.50% going forward. With low non-operating income of ₹2.79 crore in FY25 (₹6.85 crore in FY24), mainly from fair valuation and sale of mutual funds, profit after tax (PAT) margin moderated to 4.68% in FY25 compared to 6.19% in FY24.

Key weaknesses

Small scale of operation

MSL is a relatively small player in the secondary steel segment with 60,000 metric tonne per annum (MTPA) of sponge iron and 53,760 MTPA of ingot manufacturing capacity. Due to high conversion cost, the ingot facility is currently non-operational. Consequently, MSL has low total operating income of ₹152.83 crore in FY25 (₹169.61 crore in FY24) compared to other players in the industry. The small-scale limits economies of scale and restricts financial flexibility in times of stress.

Profitability susceptible to volatility in prices of raw materials & finished goods

Prices of major raw materials (iron ore and coal) and finished goods (sponge iron) have been highly volatile. Raw material cost accounted for ~88% of total cost of sales in FY25 (~87% in FY24). Prices are determined by global demand and supply due to the commodity nature of the products. Given the volatility and lack of backward integration, profitability remains susceptible to fluctuations in raw material prices.

Absence of captive power plant

The iron and steel industry is power-intensive, requiring stable and low-cost power supply. Power cost can be minimised through captive fuel sources using waste heat gas recovery. However, MSL does not have a captive power plant and sources power from Damodar Valley Corporation.

Highly commoditised and fragmented nature of secondary steel industry

The industry is characterised by intense competition due to low product differentiation and entry barriers. Raw material and power costs account for 80-90% of revenues. The commoditised and fragmented nature limits pricing flexibility and restricts scope for profitability improvement.

Exposure to cyclicity inherent in steel industry

Steel demand is closely linked to economic cycles, with key end-users such as construction, infrastructure, automobiles, and capital goods sectors. A decline in demand in these sectors directly impacts steel demand. The industry is sensitive to macroeconomic shifts, interest rates, and seasonal changes in demand and supply.

Liquidity: Adequate

Liquidity is adequate with nil utilisation of working capital limits in the 12 months ended August 2025. With nil gearing as on March 31, 2025, MSL has sufficient headroom to raise debt for capital expenditure. The company earned gross cash accruals of ₹7.91 crore in FY25 against nil debt repayment obligation. Apart from this, MSL had free cash balance of ~₹6 crore and liquid investments of ₹43 crore as on March 31, 2025, providing liquidity comfort.

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
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

MSL, incorporated on August 23, 2001, is a step-down subsidiary of Manaksia Limited. MSL operates a sponge iron capacity of 60,000 metric tonne per annum (MTPA) and an ingot capacity of 53,760 MTPA in Purulia, West Bengal. The day-to-day operations of the company are managed by Umesh Kumar Jhunjunwala, supported by a team of experienced professionals.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	169.61	152.83	67.00
PBILDT	9.36	8.30	NA
PAT	10.50	7.16	NA
Overall gearing (times)	0.00	0.00	NA
Interest coverage (times)	70.20	41.68	NA

A: Audited UA: Unaudited NA: Not Available; 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/Non-fund-based-LT/ST		-	-	-	8.00	CARE BBB; Stable / CARE A3
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	5.00	CARE BBB; Stable / CARE A3
Non-fund-based - LT/ST-BG/LC		-	-	-	4.50	CARE BBB; Stable / CARE A3
Non-fund-based - ST-Forward Contract		-	-	-	0.60	CARE A3
Non-fund-based - ST-Letter of credit		-	-	-	0.50	CARE A3

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/Non-fund-based-LT/ST	LT/ST	8.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3 (04-Oct-24)	1)CARE BBB; Stable / CARE A3 (06-Oct-23)	1)CARE BBB+; Stable / CARE A3+ (23-Sep-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	-	1)Withdrawn (06-Oct-23)	1)CARE BBB+; Stable / CARE A3+ (23-Sep-22)
3	Non-fund-based - ST-Letter of credit	ST	0.50	CARE A3	-	1)CARE A3 (04-Oct-24)	1)CARE A3 (06-Oct-23)	1)CARE A3+ (23-Sep-22)
4	Non-fund-based - ST-Forward Contract	ST	0.60	CARE A3	-	1)CARE A3 (04-Oct-24)	1)CARE A3 (06-Oct-23)	1)CARE A3+ (23-Sep-22)
5	Non-fund-based - LT/ ST-BG/LC	LT/ST	4.50	CARE BBB; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3 (04-Oct-24)	1)CARE BBB; Stable / CARE A3 (06-Oct-23)	1)CARE BBB+; Stable / CARE A3+ (23-Sep-22)
6	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3 (04-Oct-24)	1)CARE BBB; Stable / CARE A3 (06-Oct-23)	1)CARE BBB+; Stable / CARE A3+ (23-Sep-22)

LT: Long term; ST: Short term; 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/Non-fund-based-LT/ST	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple
4	Non-fund-based - ST-Forward Contract	Simple
5	Non-fund-based - ST-Letter of credit	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.

Contact us

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