

Maa Bhagwati SpongeIron Private Limited

January 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	55.00	CARE BB-; Stable	Assigned
Short Term Bank Facilities	4.50	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of the company is constrained by modest scale of operations with low profitability margin, leveraged capital structure and moderate debt coverage indicators, profitability susceptible to volatility in prices of raw materials and finished goods, highly competitive and cyclical industry and project risk. The rating however derives strength from the experience of the promoters in the similar line of business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Rampup in scale of operations beyond Rs. 140 crore with improvement in PBILDT margins above 7% post completion of the project on a sustained basis.
- Improvement in TD/PBILDT below 5.00x respectively on a sustained basis.

Negative factors

- Delay in commencement of the project leading to cost overrun.
- Further deterioration in capital structure with overall gearing beyond 3.00x

Analytical approach: Standalone

Outlook: Stable

The stable outlook assigned to MBSIPL, factors in Care Rating's expectations that MBSIPL will benefit from the experience of its promoters and enhancement of its production capacity which will help in achieving the envisaged scale of operations and profitability margins aided by lower power costs.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations with low profitability margin: The Total Operating Income (TOI) although being modest, grew at a CAGR of 27.9% in last 4 years ended FY25. TOI remained stagnant over the last 3 years at Rs.47.04 crore in FY25 vis-à-vis Rs. 42.42 crore in FY23 on account of stable capacity utilization and sales realisation levels. PBILDT margins also remained stable and low at 5.14% in FY25 (FY24: 5.05%) on account of stable input costs & higher power costs.

In 8MFY26, the TOI stood at Rs.49.47 crore

In current FY, with the operationalization of incremental billet capacity along with Continuous Casting Machine (CCM) for TMT manufacturing, power cost is expected to reduce. This would lead to improvement in scale of operations along with profitability margins. Ramp up of recently commissioned capacity along with improved profitability remains key rating sensitivity.

Leveraged capital structure and moderate debt coverage indicators: The entity's capital structure stood leveraged, as marked by an overall gearing of 1.54x as on March 31, 2025 (2.11x as on March 31, 2024) mainly on account of sub-ordination of unsecured loan of Rs.10.8 crore as per sanction letter and equity infusion to fund capex despite availment of term debt and low net worth base. Its debt profile largely comprises of term loans, working capital borrowing and unsecured loans. Debt coverage indicators stood moderate, as marked by adequate PBILDT interest coverage of 2.01x in FY25 (2.17x in FY24) and total debt to GCA (TD/GCA) of 33.14x in FY25 (18.34x in FY24). Going ahead, debt coverage indicators are expected to improve on account of commissioning of enhanced capacity which is expected to improve profitability margins.

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

Project risk: The company has undertaken a capex to enhance its billets production facility with its capacity increasing from 21,000 MTPA to 51,000 MTPA Mill integrated with a Continuous Casting Machine (CCM) at a project cost of Rs. 36.67 crore, funded through term loan of Rs. 25 crore, equity infusion of Rs. 8.5 crore and remaining from unsecured loans. The expansion will transfer hot metal directly to the rolling mill, reducing power cost and improving efficiency. The project started its trial run from July 2025 and its full-fledged operations will commence from January 2026. Ramp up of production from the new capacity remains key monitorable.

Profitability susceptible to volatility in prices of raw materials and finished goods: The profitability of the players in the steel sector is largely dependent on the raw material pricing, which is determined majorly by the global demand-supply dynamics. The prices of major raw materials, like Iron-ore, MS Scrap, Lignite, Coal as well as intermediate goods like sponge iron and billets and the finished goods like TMT, Hot-rolled coils and others have witnessed high volatility in the past. Since raw material is the major cost driver, it constituted around 76% of the total cost of sales in FY25 for MBSIPL.

The company purchases scrap in bulk in Feb-Mar wherein prices are slightly lower given the upcoming lean season between April-Jun. Moreover, the company had also built up inventory assuming the commissioning of the capex wherein trial run began in July 2025 and full-fledged production is expected from Jan 2026. This resulted in high average inventory period of 345 days in FY24 and 341 days in FY25. Going ahead, inventory period is expected to improve with ramp up of production from the enhanced capacity.

Highly competitive and cyclical industry: The steel sector is characterized by its cyclical nature, which is intricately linked to economic trends. Major industries that utilize steel like construction, infrastructure, automotive, and capital goods rely heavily on economic conditions, meaning any decline in economic activity can negatively affect their demand for steel. Furthermore, the global supply and demand balance, particularly regarding China, is a significant factor affecting steel prices and output. Consequently, finished steel producers are primarily price takers, this connection makes their cash flows and profitability vulnerable to the volatility of the end-user sector.

Key strengths

Experienced promoters: Maa Bhagwati Sponge Iron Pvt. Ltd. is promoted by Mr. Vinod Kumar Jaiswal and Mrs. Anita Devi, who serve as Directors of the company. Mr. Jaiswal, aged 45, has over 20 years of experience in the iron and steel industry, while Mrs. Anita Devi, aged 42, brings 10 years of expertise in the same domain.

Liquidity: Stretched

MBSPL's liquidity position remains stretched, as reflected by negative cash flow from operations and high working capital utilization. The company reported a negative cash flow from operations of Rs. 5.13 crore as on March 31, 2025. With commissioning of its enhanced billet capacity, the company's sanctioned cash credit limits has increased from Rs.9.63 crore to Rs. 30 crore in July 2025. Average utilization of fund based limits stood at 88.12% during the 12 months ended August 2025. Further, the company generated GCA of Rs. 1.13 crore vis-à-vis a nil debt repayment obligation in FY25. The repayment of the term loan for the recently commissioned plant is starting from January 2026 and the debt repayment obligation in FY26 and FY27 stands at Rs. 0.30 crore and Rs.1.80 crore which is expected to be met out of cash accruals.

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

Maa Bhagwati SpongeIron Private Limited (MBSPL), based in Muzaffarpur, Bihar, is a private limited company incorporated on February 14, 2013, by Mr. Vinod Kumar Jaiswal and Mrs. Anita Devi. The company is primarily engaged in the manufacturing of mild steel ingots, commonly known as Pencil Ingots, along with various re-rolling products. Currently, the installed production capacities stand at 21000 MTPA for Billets, 1000 MTPA for TMT, 12000 MTPA for MS Strip, and 4000 MT for MS Square pipe.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	8MFY26 (UA)
Total operating income	45.87	47.04	49.47
PBILDT*	2.32	2.42	-
Profit after tax (PAT)	0.49	0.53	-
Overall gearing (x)	2.11	3.56	-
Interest coverage (x)	2.17	2.01	-

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: NA

Any other information: NA

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-Cash Credit		-	-	-	30.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	March 2034	25.00	CARE BB-; Stable
Non-fund-based - ST- Standby Line of Credit		-	-	-	4.50	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-Cash Credit	LT	30.00	CARE BB-; Stable				
2	Fund-based - LT-Term Loan	LT	25.00	CARE BB-; Stable				
3	Non-fund-based - ST-Standby Line of Credit	ST	4.50	CARE A4				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA
Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Standby Line 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.

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