

MSP Steel & Power Limited

March 25, 2026

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	246.87 (Reduced from 254.59)	CARE BBB+; Stable	Upgraded from CARE BBB; Stable
Short-term bank facilities	117.00	CARE A2	Upgraded from CARE A3+

Details of facilities in Annexure-1.

Rationale and key rating drivers

Revision in the ratings assigned to the bank facilities of MSP Steel & Power Limited (MSPL) take into account its successful exit from the Corporate Debt Restructuring (CDR) framework following full discharge of its Right to Recompense (RoR) obligations and fulfilment of all restructuring conditions. The ratings also take cognisance of improvement in operating profitability, with PBILDT (profit before interest, lease rentals, depreciation and taxation) margin improving on a year-on-year basis during 9MFY26 (April 01, 2025, to December 31, 2025). The capital structure and debt protection metrics continues to remain comfortable, supported by planned equity infusion of around ₹98 crore through preferential allotment, of which 25% has been raised on March 14, 2026, while the balance 75% is expected to be received over the next 18 months from the date of allotment. The fund has been raised majorly for repayment of unsecured loans which was initially availed for payment of ROR.

The ratings continue to derive comfort from the promoters' long track record and experience in the steel industry, as well as MSPL's semi-integrated operations, which provide partial insulation against volatility in raw material prices.

The rating is, however, constrained by MSPL's exposure to the highly cyclical steel industry, characterised by intense competition from unorganised players, with profitability remaining susceptible to volatility in raw material and finished steel prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operation along with PBILDT/tonne going above Rs.2,000/tonne on a sustained basis.
- Improvement in debt coverage indicators with TD/PBILDT going below 2.25x on a sustained basis.

Negative factors

- Any major debt laden capex undertaken by the company leading to deterioration in capital structure (overall gearing ratio beyond 0.50x) and debt coverage indicator (TD/PBILDT going above 3.5x) on sustained basis.
- Any major decline in scale of operation or PBILDT margin going below 4% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the entity is expected to sustain its satisfactory financial risk profile amidst healthy cash flow generation from operations and absence of any large debt-funded capex or acquisition plans in the medium term.

Detailed description of key rating drivers:

Key strengths

Long track record and experience of the promoters

MSPL, incorporated in November 1968, is promoted by S. K. Agarwal (current chairman), having over four decades of experience in steel business. Under his leadership, the company has steadily grown into an integrated steel player in and around the state of Chhattisgarh.

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

Semi integrated nature of operations

MSPL is a semi-integrated player having manufacturing facilities of both intermediate products like pellet, sponge iron, billets and value-added end products like TMT bars & structural. MSPL needs uninterrupted supply of power which is augmented by its 87.5MW captive power plant. MSPL also has its own railway siding of ~2.4 km at Jamgaon, Raigarh, outside its plant ensuring allocation of railway rakes from loading points on priority basis.

Comfortable capital structure and debt protection metrics in FY25

In FY25, the company has converted its OCDs into equity share capital which has led to reduction in total debt from ₹1,020.15 crore as on March 31, 2024 to ₹333.29 crore as on March 31, 2025 which also led to increase in net worth. Accordingly, the capital structure of the company has improved significantly with overall gearing ratio reducing from 2.41x as on March 31, 2024, to 0.36x as on March 31, 2025.

As on December 31, 2025, total debt stood at around ₹392 crore, increasing from ₹333 crore as on March 31, 2025. The increase was attributable to the availing of an unsecured loan to meet the Right to Recompense (RoR) obligation. Going forward, the capital structure is expected to strengthen further with the issuance of share warrants, the proceeds of which are intended to be utilised for repayment of the unsecured loan. This is expected to result in a reduction in total debt and further improvement in the net worth position.

The debt coverage indicators have also improved significantly marked by improvement in Total debt/ GCA from 22.48x as on March 31, 2024, to 5.96x as on March 31, 2025, on account to reduction in total debt. PBILDT interest coverage ratio improved to 1.65x in FY25 as against 1.45x in FY24 on account of increase in PBILDT.

Stable financial performance in FY25 with improved PBILDT margin in 9MFY26

The total operating income (TOI) of MSPL remained stable in FY25, registering a marginal growth of 1% and increasing from ₹2,875 crore in FY24 to ₹2,906 crore. The marginal growth in TOI was driven by an increase in overall sales volumes, which offset moderation in average sales realisations. However, during 9MFY26, TOI moderated marginally to ₹2,026.65 crore from ₹2,138 crore in 9MFY25, primarily due to lower realisations of TMT bars, which constitute the largest share of the company's product-wise sales mix.

Despite moderation in revenue, PBILDT margin improved from 4.17% in 9MFY25 to 4.94% in 9MFY26, supported by a sharper reduction in overall raw material costs per tonne.

However, at the profit after tax (PAT) level, the company reported a loss of ₹51.45 crore during 9MFY26 due to booking of the entire Right of Recompense (RoR) obligation of ₹101.63 crore as an extraordinary item, comprising ₹100.88 crore in Q2FY26 and ₹0.75 crore in Q3FY26. The RoR payout was funded largely through infusion of unsecured loans of ₹75 crore, with the balance met through internal accruals.

CARE Ratings Limited expects operating margins to remain range-bound in the near term, supported by cost rationalisation measures, although profitability may continue to be sensitive to volatility in steel prices and realisations.

Key weaknesses**Exposure to volatility in price of inputs & finished goods**

Raw material consumption is the single largest cost component for MSPL (constituting about 85% of total cost of sales during FY25). The company does not have integration for its basic raw materials like iron ore & coal and has to procure the same from open market. The company procures iron ore from mines in Odisha and Jharkhand and coal through linkage from Coal India Limited. Though the prices of finished goods move in tandem with raw material prices, there is a time lag. Since the raw material is the major cost driver and the prices of the same are volatile in nature, the profitability of the company is susceptible to fluctuation in raw-material prices.

Cyclicality in the steel industry with intense competition from the unorganized sectors

The Indian secondary steel industry is characterized by high degree of fragmentation due to the presence of large numbers of unorganized players and also exhibits cyclicality. MSPL markets its produce mainly in eastern India, which is a hub of steel plants, on account of proximity to the mineral rich states of Odisha and Chhattisgarh. Furthermore, low level of product differentiation in the downstream steel segment further intensifies the competition, leading to lower bargaining power vis-à-vis the customers. Also, the infrastructure and housing industry is the major end user of steel products. Going forward, the profitability of the company remains susceptible to the performance of the said user industries.

Liquidity: Adequate

Liquidity of the company is marked adequate with repayment of entire term loan obligation in FY26 after successfully exiting from CDR framework following its ROR payment of Rs.101.63 crore to the eligible lenders. The RoR payment has been funded out of unsecured loans to the tune of Rs.75 crore and balance out of internal accruals. Further, the promoter is in the process of infusing

₹98 crore through issuance of share warrants on a preferential basis. The company has received approvals from BSE and NSE on February 27, 2026, and ₹24.5 crore (being 25% of the total issue size) has already been infused on March 14, 2026.

The average fund-based working capital limit utilisation remained high at around 93% during the last 12 months ended January 2026, indicating moderately stretched but manageable working capital requirements. The company is in discussions for enhancement of its working capital limits, which is expected to ensure adequate liquidity availability and support its growing business.

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

MSPL is the flagship company of the MSP group which is over a decade old business house belonging to Agrawal family of Kolkata. MSPL is a semi-integrated steel player, engaged in the manufacturing of pellets, sponge iron, MS ingot and rolled products (TMT and structural products). The company has Sponge Iron (DRI) unit, induction furnace for MS billets, rolling mill for TMT Bars and structural mill for structural products at Raigarh, Chhattisgarh. Apart from this, for having backward integration, the company has iron ore beneficiation plant, pellet plant, coal washery, captive power plant and railway siding of 2.4 km. Besides, the company is also involved in manufacturing fly ash bricks (48,600 TPA).

MSPL has two subsidiaries MSP Cement Ltd (100% holding), and Prateek Mines & Minerals Private Limited (63.69% holding), both having negligible operations.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	2,875.33	2,905.51	2026.65
PBILDT*	126.89	133.75	100.19
Profit after tax (PAT)	14.39	-28.71	-51.45
Overall gearing (x)	2.41	0.36	NA
Interest coverage (x)	1.45	1.65	4.94

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

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

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 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		-	-	-	246.78	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	01-09-2025*	0.09	CARE BBB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	7.00	CARE A2
Non-fund-based - ST-Letter of credit		-	-	-	110.00	CARE A2

*The loans has been repaid but in absence of No dues certificate (NDC), the rating continues.

Annexure-2: Rating history for last three years

Sr. No.	Name of the 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-Term Loan	LT	0.09	CARE BBB+; Stable	1)CARE BBB; Stable (25-Sep-25)	1)CARE BBB-; Positive (07-Oct-24)	1)CARE BBB-; Stable (07-Sep-23)	1)CARE BBB-; Stable (07-Jul-22)
2	Fund-based - LT-Cash Credit	LT	246.78	CARE BBB+; Stable	1)CARE BBB; Stable (25-Sep-25)	1)CARE BBB-; Positive (07-Oct-24)	1)CARE BBB-; Stable (07-Sep-23)	1)CARE BBB-; Stable (07-Jul-22)
3	Non-fund-based - ST-Bank Guarantee	ST	7.00	CARE A2	1)CARE A3+ (25-Sep-25)	1)CARE A3 (07-Oct-24)	1)CARE A3 (07-Sep-23)	1)CARE A3 (07-Jul-22)
4	Non-fund-based - ST-Letter of credit	ST	110.00	CARE A2	1)CARE A3+ (25-Sep-25)	1)CARE A3 (07-Oct-24)	1)CARE A3 (07-Sep-23)	1)CARE A3 (07-Jul-22)
5	Fund-based - LT-Working Capital Demand loan	LT	-	-	-	-	-	1)Withdrawn (07-Jul-22)

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

Annexure-3: Detailed explanation of covenants of rated 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	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	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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