

June 18, 2026

Manaksia Steels Limited: [ICRA]A (Stable)/ [ICRA]A1; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term-Fund Based - working capital limits	60.00	[ICRA]A (Stable); assigned
Short Term-Non Fund Based-Others	440.00	[ICRA]A1; assigned
Total	500.00	

*Instrument details are provided in Annexure II

Rationale

The ratings assigned to the bank facilities of Manaksia Steels Limited (MSL) factor in the company's experienced promoter group and its established track record in the steel business. The rating favourably factors in MSL's improved operating performance in FY2026, supported by recent capacity additions in the galvalume and colour-coated segments, which have led to enhanced scale of operations and better capacity utilisation levels. The commissioning of the galvalume line has reduced the dependence on external suppliers, enabling better control over input costs and improved operational efficiencies.

The ratings also derive comfort from the company's favourable financial risk profile, characterised by low leverage and comfortable coverage metrics. The company has maintained a conservative capital structure historically, with the gearing at 0.5 times in FY2026 (0.7 times in FY2025) and a net debt¹ to OPBDITA of 0.7 times in FY2026. The debt protection metrics remain comfortable, reflected in an interest coverage of 6.3 times in FY2026, supported by healthy operating performance. Additionally, the presence of adequate liquidity, with cash and liquid investments of around Rs. 94 crore as of March 2026 and nil long-term repayment obligations, provides comfort.

The ratings also benefit from the strategic location of the company's manufacturing facility at Haldia, West Bengal, which is close to the port, thus offering logistical advantage in sourcing key raw materials such as hot-rolled coils and zinc. This helps in optimising freight costs and ensuring timely availability of inputs, thereby supporting cost efficiency in a raw material-intensive business. The locational advantage also facilitates access to the export markets and provides supply chain flexibility, which remains a positive for the company's operating profile.

The rating factors in the company's ongoing and proposed capacity expansion initiatives, including the additional colour coating line, which is expected to support a higher scale and improved product mix. Further, the company's plan to set up a cold rolling mill of around Rs. 100 crore is expected to strengthen backward integration, support operational efficiency and improve the margin profile over the medium term. Timely execution of the same remains a key monitorable.

However, the rating remains constrained by the company's limited value addition and its dependence on conversion-based margins, which restrict its pricing flexibility. The company operates in a fragmented and highly competitive industry, and faces intense price-based competition from both secondary steel processors and large integrated players. As a result, MSL's ability to expand margins on a sustained basis remains a key monitorable.

Further, the company's profitability remains exposed to the volatility in raw material prices and the inherently cyclical nature of the steel industry. Prices of key inputs such as hot-rolled coils, aluminium and zinc are commodity linked and subject to the global demand-supply dynamics, leading to fluctuations in input costs as well as finished goods realisations. Given the limited

¹ Net debt - Total debt less cash and liquid investment

backward integration, any sharp adverse movement in prices can compress the margins. Additionally, the demand for steel products is closely linked to the end-user industries such as construction, infrastructure and automobiles, making the earnings susceptible to macroeconomic cycles. These factors are likely to keep the operating margins under check over the medium term.

The Stable outlook on the long term rating of MSL reflects ICRA's expectation that the company will sustain its healthy operating performance, going forward, supported by its conservative capital structure, adequate liquidity and benefits from recent capacity additions.

Key rating drivers and their description

Credit strengths

Experienced promoters and established track record in steel business - The company is promoted by the Agrawal family, which has been associated with the steel and metal products business for several decades, providing strong domain expertise and extensive experience in the steel processing industry. The long-standing presence of the promoters has enabled MSL to build stable relationships with suppliers and customers, develop operational capabilities across product segments and navigate industry cyclicality over time.

Favourable financial risk profile - The ratings derive comfort from MSL's favourable financial risk profile, characterised by a conservative capital structure and comfortable debt protection metrics. The company has historically maintained low leverage levels, (net debt/OPBDITA of 0.7 times in FY2026) with reliance largely on working capital borrowings. Consequently, the gearing levels remain moderate (0.5 times in FY2026 and 0.7 times in FY2025), while the coverage indicators, including interest coverage (~6.3 times in FY2026), are comfortable on the back of healthy operating cash flows. The presence of sizeable cash and liquid investments (~Rs. 94 crore as of March 2026) and nil long-term repayment obligations further strengthen its financial risk profile and liquidity position.

Strategic location of plant - The ratings derive strength from the strategic location of MSL's manufacturing facility at Haldia, West Bengal, which provides significant logistical advantages as Haldia is well connected through rail, coastal and port networks. The plant's proximity to the Haldia port facilitates efficient import of key raw materials such as hot-rolled coils and zinc, thereby reducing freight costs and ensuring timely availability of raw material. This locational advantage also supports cost competitiveness and operational efficiency, particularly in a raw material-intensive business such as steel processing. Further, the port connectivity aids in catering to the export markets and enhances supply chain flexibility, which remains a positive from a credit perspective.

Credit challenges

Exposed to volatility in raw material prices and cyclic nature of the steel industry - The company's profitability remains exposed to the volatility in raw material prices and the inherently cyclical nature of the steel industry. Key inputs such as hot-rolled coils, zinc and other alloys are commodity-linked, with prices influenced by global demand-supply dynamics. Given the limited backward integration, the company's margins are sensitive to such price movements, especially during periods of sharp correction in finished goods realisation. Further, the steel industry is closely linked to end-user sectors such as construction, infrastructure and automobiles, making the demand cyclical in nature. Any slowdown in these sectors can adversely impact the volumes and pricing, thereby affecting the company's overall operating performance and cash flows.

Limited value addition and price-based competition likely to keep operating margin under check - The company's operating margins are likely to remain constrained by its limited value addition and the inherently competitive nature of the industry. MSL primarily operates as a downstream steel processor, with a business model largely dependent on conversion margins, wherein raw material costs constitute a significant proportion of the overall cost structure. The procurement of raw material from large integrated players limits its ability to exercise pricing power, especially during periods of adverse steel price movements, thereby restricting margin expansion.

Competitive pressure from large players in the market - The company continues to face competitive pressure from large, integrated steel players operating in the coated products segment. These players benefit from economics of scale, backward integration, stronger brand presence and wider distribution networks, enabling them to offer competitive pricing and maintain relatively better margins.

Environmental and social risks

Environmental considerations – Steel manufacturing is an energy-intensive process and requires substantial use of fossil fuels, which results in greenhouse gas emissions, industrial waste generation and environmental pollution. Increasing regulatory requirements to reduce greenhouse gas emissions and stricter air pollution standards have pushed up the cost for steel manufacturers in the medium term. This in turn has led to a greater focus on reducing the carbon footprint through various technological interventions. With many of these emerging low-carbon technologies yet to achieve commercial viability, this transition could entail a significant investment for metal manufacturers. Further, MSL faces the risk of physical climate change caused by floods and drought which can disrupt the availability of raw materials and water. The company has installed 1 MW solar power plant and uses LPG as a cleaner fuel, reducing carbon emissions. MSL also maintains and enhances green cover through regular tree plantation activities around the plant.

Social considerations – Social risks for steel manufacturers manifest from the health and safety of employees involved in manufacturing activity. Casualties/accidents at operating units due to gaps in safety practices could not only lead to production outages for steel manufacturers like MSL but also invite penal actions from regulatory bodies. The sector is exposed to labour related risks and risks of protests/social issues with local communities, which might impact the expansion/modernisation plans. Also, the adverse impact of environmental pollution in nearby localities could trigger local criticism.

Liquidity position: Adequate

The company’s liquidity position is expected to remain adequate, supported by healthy cash and liquid investments (Rs. 94 crore as of March 2026), strong cash accruals and nil long-term repayment obligations. The availability of sizeable unutilised working capital balances owing to the marginal utilisation of working capital limits provides sufficient financial flexibility to meet its operational requirements and planned capital expenditure. Additionally, the absence of significant term debt repayments over the near term further strengthens its liquidity profile.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if there is a significant increase in the company’s revenue, profits and cash flows on a sustained basis, thereby strengthening the leverage and coverage metrics.

Negative factors – ICRA may downgrade the ratings if an adverse fluctuation in steel prices results in a significant deterioration in the company’s profitability, and/or a stretch in the working capital cycle exerts pressure on the liquidity position. A specific credit metric for downgrade would be an interest coverage of less than 4.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MSL. Refer to Annexure III for the list of entities considered for consolidation

About the company

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 the steel division of Manaksia Limited (ML) to MSL. MSL is engaged in the manufacturing of cold-rolled sheets, galvanised and alu zinc coated plain, corrugated sheets and colour-coated sheets.

The company's principal manufacturing facility is at Haldia, West Bengal, with an installed capacity of 1,20,000 MTPA of steel cold-rolling products, along with 36,000 MTPA of hot-dipped galvanising and 60,000 MTPA of colour coating products. In addition, the company commissioned a new alu-zinc (galvalume) coated steel line of 1,10,800-MTPA capacity at Haldia in June 2025. It also operates a galvanising facility at Bankura, West Bengal, which supports the overall galvanised steel production.

Key financial indicators (audited)

MSL (consolidated)	FY2025	FY2026
Operating income	634.3	1,131.1
PAT	9.8	39.9
OPBDIT/OI	2.9%	7.2%
PAT/OI	1.5%	3.5%
Total outside liabilities/Tangible net worth (times)	0.9	0.8
Total debt/OPBDIT (times)	11.3	1.9
Interest coverage (times)	2.1	6.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		
			June 18, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Working capital limits	Long term	60.00	[ICRA]A (Stable)	-	-	-	-	-	-
Non Fund Based-Others	Short Term	440.00	[ICRA]A1	-	-	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debtentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debtentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debtentures / Preference Shares (all securities))	SEBI

6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based working capital limits	Simple
Short Term-Non Fund Based-Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based working capital limits	NA	NA	NA	60.00	[ICRA]A (Stable)
NA	Non Fund Based- Others	NA	NA	NA	440.00	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis

Company name	MSL ownership	Consolidation approach
Federated Steel Mills Limited	100.00%	Full consolidation
Far East Steel Industries Limited	100.00%	Full consolidation
Sumo Agrochem Limited	100.00%	Full consolidation

Source: Company data

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Branches



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