Mangalam Alloys Limited

July 08, 2025

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	160.79*	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Negative (IVR Triple B with Negative Outlook)	Rating reaffirmed and Outlook revised from Negative to Stable	Simple
Short Term bank Facilities	21.36	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Rating Re-affirmed	Simple
Total	**182.15**	**Rupees One Hundred Eighty-Two Crores and Fifteen Lakhs Only**			

* Including Proposed Limit of Rs. 8.00 Crore.

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has re-affirmed the long-term rating to IVR BBB along with change in outlook from Negative to stable due to improved business performance in the domestic market and short-Term rating to IVR A3+ for the bank loan facilities of Mangalam Alloys Limite (MAL).

The reaffirmation of the ratings assigned to the bank facilities of Mangalam Alloys Limited (MAL) continues to derive comfort from its experienced promoters with reputed clientele, Improvement in operating margin and moderate financial risk profile. These rating strengths are partially offset by intense competition, elongated receivable days leading to high working capital cycle and geographical concentration risk.

The long-term rating outlook has been revised from Negative to Stable on account of meeting the projected topline and profits for FY2025 (refers to the period April 01, 2024 to March 31, 2025), coupled with long experience of the promoters and robust order book position of the company.

IVR has principally relied on the standalone audited financial results of MAL up to FY25(A) (refers to 1 April 2024 to 31 March 2025) and three years projected financials till FY28, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations and profitability margins
- Improvement in debt protection metrics
- Sustenance of the analyzed gearing below 1.10x

Downward Factors

- Significant reduction in the scale of operations and profitability margins
- Deterioration in debt protection metrics and overall gearing

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters and long track record of operations**

  Mangalam Alloy limited (MAL) is the flagship company of UCM group which was established in 1988 and subsequently registered as a public company in 1995 and later on listed in SME platform on Oct 04, 2023. MAL produces Stainless Steel (SS) Ingots in the form of straight length bright and black round bars, Bright Bars, Hexagonal & Square bars, Angle Bars, Flat Bars, Fasteners, and Forging. Products of the company have a usage in diversified sectors such as Oil and Gas, Pump Sector, Engineering Sector. The company business model is primarily B2B.

- **Increase in overall revenue in FY25(A) & Healthy operating margin**

  During FY 2024–25, the company recorded revenue of ₹431.45 crore from the sale of goods, as compared to ₹304.55 crore in FY 2023–24, marking a year-over-year improvement of approximately 41%. The revenue improves due to substantial growth in its product portfolio specifically in round bar of 19.4% (from Rs. 144.00 Crores to Rs.172.00 Crores). Further, company has generated incremental revenue of Rs.54.00 Crores from the sale of flat mainly due to higher demand in the domestic market.

The company's EBITDA improved to Rs. 52.88 crore in FY25 from Rs 32.49 crore in FY24 reflecting a increase of 62.76%. The increase in EBIDTA margin on account of better absorption of employee cost and other cost as a % of sales which are semi fixed in nature. Further, there was declined in contribution margin over last two years mainly because of more focus on higher demand products in domestic market. Margin wise, EBITDA witnessed a significant increase by 159 basis points in FY25 and stood at 12.26% in comparison to 10.67% in FY24. The company's PAT improved to Rs. 13.34 crore in FY25 from Rs 11.48 crore in FY24 reflecting a increase of 16.20%. However, in percentage terms the PAT margin declined to 3.08% on account of increase in finance cost. Finance cost has increase on account of increase in fund-based limit by Rs. 40.00 Crores and one time processing fees, stamp duty and other charges of Rs. 1.80 Crores towards shifting its banking facilities from SBI to multiple banking which gives interest rate benefit of 175 bps.

- **Comfortable capital structure and debt protection metrics**

  The company adjusted tangible net worth including subordinated unsecured loan stood at Rs.16.85 crore as on March 31, 2025. The debt profile of the company mostly comprises working capital borrowings. The capital structure of the company marked by overall gearing marginally deteriorated at 1.01x as on March 31, 2025 (0.88x as on March 31, 2024) due to an increase in working capital limit. However, the debt equity ratio stood satisfactory at 0.25x as on March 31, 2025. Furthermore, total indebtedness of the company marked by TOL/ATNW also remained satisfactory at 1.88x as on March 31, 2025 (1.57x as on March 31, 2024). The interest coverage remains satisfactory at 2.01x in FY25 as compared to 1.78x in FY24. Moreover, the Total debt/EBITDA and Total Debt/NCA has also improved from 3.05x and 6.96 years respectively as on March 31, 2025, to 4.11x and 9.49 years respectively March 31, 2024.

- **Technical expertise to manufacture diversified product profile used in diverse end-user industries**

MAL has a diversified product portfolio comprising of SS Billets, Ingots, hot rolled steel, bright round, angle bars & flanges etc. The company is catering to varied key sectors like Automotive, Chemical, Defence, Machine building, Oil & Gas, Petrochemical, Energy & Power and Railways and so on. This enables the company to reap benefits of conglomeration and considerably insulate itself from any sectoral volatility.

- **Diversified customers, suppliers and geographical reach in the portfolio**
  The company manufactures more than 10 products and sells them to domestic as well as overseas. No customer contributes more than 25% hence, the company does not have any concentration risk on customer or geographical reach. The company has multiple suppliers' option of procuring its raw material requirement, no lag time was observed in maintaining the inventory levels.

Key Rating Weaknesses

- **Working capital intensive nature of operations.**
  MAL's operations remain working capital-intensive, as its business requires a significant amount of working capital primarily as a considerable amount of time passes between purchase of raw materials and collections of receivables post sales to customers. As a result, MAL is required to always maintain sufficient stock to meet manufacturing requirements. The operating cycle of MAL has improved and stood at 144 days in FY25 {as against 173 days in FY24}. Efficient working capital management will remain a key rating sensitivity from the rating perspective.

- **Fluctuations in margins due to volatile raw material prices**
  The prices of key raw materials are volatile in nature. Demand-supply dynamics also impact prices. The ability to pass on price hike to customers mitigates the exposure, but the working capital-intensive nature of operations should keep the company exposed to this risk. Even if the company can pass on the extra cost on to the customer, the customers might start preferring other competitors due to higher costs. The company needs to make sure that their costs are kept in check and do not eat into the profits being generated.

- **Competitive and Fragmented Nature of the industry**

  The industry constituting of steel bars manufacturing is highly fragmented and has very low entry barrier which makes it a very competitive industry. Both organized as well as the unorganized players are competing for the market share. This tends to reduce the pricing capability of the company as the market decides the price of the product.

Analytical Approach: Standalone

Applicable Criteria :

Rating Methodology for Manufacturing Sector entities
Financial Ratios & Interpretation Non- Financial Sector
Criteria for assigning rating outlook
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The company has adequate liquidity as seen by gross cash accruals of Rs. 23.14 crore in FY2025(A) as against repayment of long-term borrowings amounting to Rs. 9.47 crore. Further, the company is expected to generate cash accruals in the range of Rs. 26.38– Rs. 36.45 crore as against its debt servicing obligation of ~Rs. 5.38 – Rs. 2.50 crore FY2026-2028. The current ratio reported by the company is 1.43x in FY2025(A). All these factors reflect adequate liquidity position of the company.

About the Company

Mangalam Alloy limited (MAL) is the flagship company of UCM group which was established in 1988 and subsequently registered as a public company in 1995 and later on listed in SME platform on Oct 04, 2023. MAL produces Stainless Steel (SS) Ingots in the form of straight length bright and black round bars, Bright Bars, Hexagonal & Square bars, Angle Bars, Flat Bars, Fasteners, and Forging. Products of the company have a usage in diversified sectors such as Oil and Gas, Pump Sector, Engineering Sector. The company business model is primarily B2B.

Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	304.55	431.45
EBITDA	32.49	52.88
PAT	11.48	13.34
Total Debt	133.67	161.13
Tangible Net worth*	134.69	143.26
EBITDA Margin (%)	10.67	12.26
PAT Margin (%)	3.76	3.08
Overall Gearing Ratio (x)	0.88	1.01
ISCR (x)	1.78	2.01

**as per Infomerics standards*

Status of non-cooperation with previous CRA : BWR Ratings in its press release dated June 09, 2025 has continued to place the rating under Issuer Not Cooperating category due to nonavailability of information.

Any other information: : Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 Dated : Nov 22, 2024	Date(s) & Rating(s) assigned in 2024-25 Dated: May 01, 2024	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 Dated: March 07, 2023
1	Term Loan	Long Term	37.79*	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Negative (IVR Triple B with Negative Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	-	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)
2	Cash Credit	Long Term	123.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Negative (IVR Triple B with Negative Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	-	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)
3	EPC	Short Term	10.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	-	IVR A3 (IVR A Three)
4	LC/BG	Short Term	10.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	-	IVR A3 (IVR A Three)
5	CEL	Short Term	1.36	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	-	IVR A3 (IVR A Three)

* Including Proposed Limit of Rs. 8.00 Crore.

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan			Oct 2034	37.79*	IVR BBB/Stable (IVR Triple B Minus with Stable Outlook)
Cash Credit			-	123.00	IVR BBB/Stable (IVR Triple B Minus with Stable Outlook)
EPC			-	10.00	IVR A3+ (IVR A Three Plus)
Bank Guarantee			-	10.00	IVR A3+ (IVR A Three Plus)
CEL			-	1.36	IVR A3+ (IVR A Three Plus)

* Including Proposed Limit of Rs. 8.00 Crore.

Annexure 2: Facility wise lender details: https://www.infomerics.com/admin/prfiles/len-mangalam-jul25.pdf

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com