

Rating Rationale

September 18, 2026 | Mumbai

Madhur Iron & Steel (India) Limited

Ratings reaffirmed at 'Crisil BBB+ / Stable / Crisil A2'; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.138.5 Crore (Enhanced from Rs.103.5 Crore)	Regulator Of Instrument
Long Term Rating	Crisil BBB+/Stable (Reaffirmed)	RBI
Short Term Rating	Crisil A2 (Reaffirmed)	RBI

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil BBB+/Stable/Crisil A2' ratings on the bank facilities of Madhur Iron & Steel India Ltd (MISIL).

The ratings reflect the extensive industry experience of the promoters and established market position of the company, healthy operating profitability and comfortable financial risk profile. These strengths are partially offset by vulnerability to cyclicity in the end-user industry and large working capital requirement.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of MISIL.

Key Rating Drivers - Strengths

Promoters' extensive experience and established market position: The promoters have presence of around a decade in the iron and steel industry, which has enabled them to establish healthy relationships with customers and build on its customer base by roping in reputed players in the power and transmission EPC space. Their experience and understanding of market dynamics have helped them establish market position of the company, enabling it to develop a pan-India presence, which has resulted in revenue growing to Rs 445 crore in fiscal 2026 (over Rs 145 crore in the first quarter of fiscal 2027) from Rs 193 crore in fiscal 2023. The strong customer base results in a revolving order book of Rs 250–350 crore for the existing business (usually executable over 6–9 months) and it has also enabled the company to achieve an order book of Rs 100 crore for its new business. This should result in sustenance of healthy scale over the medium term as well and the same will remain monitorable.

Healthy operating profitability: The company's operating margin in fiscal 2026 is estimated at around 12% (over 11.2% in the first quarter of fiscal 2027) and it had remained over 10% in the preceding two fiscals as well. Sustenance of healthy operating profitability is owing to the company's policy of implicitly hedging raw material price volatility by booking raw materials at the time of order receipt. The company has invested in a 3-megawatt (MW) solar power unit, which became operational in April 2026 and should result in power cost savings of Rs 3–4 crore per annum over the medium term. Therefore, operating margin is expected to sustain at a healthy level over the medium term, despite expected moderate utilisation in the new galvanising unit and amid anticipated increase in the cost of production of galvanised products through heightened prices of aluminium and zinc amid the ongoing West Asia conflict.

Comfortable financial risk profile: The financial risk profile should remain supported by steady accretion to reserve. Network is healthy, estimated at over Rs 115 crore as on March 31, 2026. With steady accretion to reserve, network is expected to increase over the medium term. Gearing and TOLTNW ratios increased to 1.15 times and 1.80 times, respectively, as on March 31, 2026, compared with 0.95 time and 1.50 times, respectively, at the end of the previous fiscal, owing to an elongation of the working capital cycle due to a change in the business model. However, working capital cycle and consequently, external borrowings, are expected to remain stable in the absence of any major, debt-funded capital expenditure (capex) plans. This should result in sustenance of healthy capital structure. Debt protection metrics are moderate, indicated by interest coverage and net cash accrual to total debt ratios of 2.85 times and 0.19 time, respectively, for fiscal 2026 and they should remain at a moderate level over the medium term as well.

Key Rating Drivers - Weaknesses

Exposure to inherent cyclicity and slowdown in the end-user industry: The company's performance remains vulnerable to cyclicity in the steel sector given the close linkage between the demand for steel products and the domestic and global economy. Demand for the products of the company, such as angles and channels, is linked to the capex plans of end-users such as the civil construction, real estate and engineering industries, which also display cyclicity. Slowdown in

capex in these segments may impact the performance of the company. Changes in government policy on import/export also affect the industry.

Large working capital requirement: The company has changed its business model to cater to large, reputed EPC players. Earlier, receivables and inventory were at 7–14 days and 90–120 days, respectively. Now, the company is extending credit period of 60–70 days its customers, and inventory has also increased to 160–180 days owing to multiple levels of inspection across the manufacturing cycle. This has resulted in gross current assets (GCAs) increasing from 110–160 days previously to around 220 days at present. While the working capital cycle is not expected to elongate further, the same will remain monitorable.

Liquidity Adequate

Bank limit utilisation was at 84.03% on average for the 12 months through March 2026, albeit with some instances of utilisation above 90%. Cash accruals are expected to be around Rs 25–35 crore against term debt obligations of Rs 2–4 crore over the medium term and the surplus will cushion liquidity. Current ratio is estimated to have been healthy at 1.35 times as on March 31, 2026. Free cash and bank balances and fixed deposits of Rs 7–8 crore are maintained ususally, which further support the liquidity of the company.

Outlook Stable

The company should continue to benefit from its established market position and extensive experience of the promoters.

Rating sensitivity factors

Upward factors

- Moderate revenue growth rate driven by growth in sales volume and sustained operating profitability leading to higher than expected net cash accrual
- Sustenance of healthy financial risk profile, with no large, unprecedented debt-funded capex or acquisition along with healthy liquidity through reduced dependency on external working capital borrowings yielding an improvement in the interest coverage ratio to over 3.25 times

Downward factors

- Deterioration in operating performance leading to significant decline in operating profitability, resulting in significantly lower-than-expected net cash accrual
- Higher-than-expected, debt-funded capex, or further stretch in the working capital cycle resulting in weakening of the financial risk profile, indicated by interest coverage ratio below 2.3 times

About the Company

MISIL was incorporated in February 2012. In April 2018, MISIL was taken over by Virendra Kumar Agrawal. MISIL manufactures angles and channels and fabrication, re-rolling for all kinds of structural products and its manufacturing facility is situated in Chhattisgarh. The company has fabrication shop, machine shop, physical and chemical testing labs. The hot re-rollers of steel are required for transmission line towers, substation structures (lattice and pipe types) and railway electrification (OHE structures/TSS and SPS). The company markets its products under the brand name of 'Saral' and it has an installed capacity of manufacturing angles and channels of 56,700 metric tonne per annum (MTPA), with capacity varying according to product specifications and sizes.

MISIL acquired one of its group entities in fiscal 2026, BSL RailTrack Engineers Pvt Ltd (BREPL), and the assets of the company have been taken over by MISIL and all liabilities have been paid off. BREPL has a manufacturing capacity of 57,600 MTPA for fabricated products, 29,400 MTPA for galvanisation and 6,000 MTPA for railway fabrication. This unit is already operational.

Key Financial Indicators

As on/for the period ended March 31		2026*	2025
Operating income	Rs crore	445.16	340.36
Reported profit after tax (PAT)	Rs crore	23.31	18.52
PAT margin	%	5.24	5.44
Adjusted debt/adjusted networkth	Times	1.15	0.95
Interest coverage	Times	2.85	3.71

*Provisional financials

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Please note:

More details including a list of activities or instruments, along with the names of respective financial sector regulators (FSRs) whose purview they fall under, is available in 'Annexure – List of Instruments and Names of Regulators' below.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook	Regulator Of Instrument
NA	Cash Credit	NA	NA	NA	63.00	NA	Crisil BBB+/Stable	RBI
NA	Channel Financing	NA	NA	NA	25.00	NA	Crisil A2	RBI
NA	Electronic Dealer Financing Scheme(e-DFS)	NA	NA	NA	25.00	NA	Crisil A2	RBI
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	3.00	NA	Crisil BBB+/Stable	RBI
NA	Short Term Bank Facility	NA	NA	NA	17.00	NA	Crisil A2	RBI
NA	Term Loan	NA	NA	31-Mar-30	5.50	NA	Crisil BBB+/Stable	RBI

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure - Rating History for last 3 Years

		Current		2026 (History)		2025		2024		2023		Start of 2023
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	138.5	Crisil BBB+/Stable / Crisil A2	25-05-26	Crisil BBB+/Stable / Crisil A2	24-02-25	Crisil BBB/Stable		--		--	--
Non-Fund Based Facilities	ST		--		--	24-02-25	Crisil A3+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities - Regulator for the Instrument is RBI

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	15	RBL Bank Limited	Crisil BBB+/Stable
Cash Credit	48	Punjab National Bank	Crisil BBB+/Stable
Channel Financing	15	Tata Capital Limited	Crisil A2
Channel Financing	10	Punjab National Bank	Crisil A2
Electronic Dealer Financing Scheme(e-DFS)	10.5	RBL Bank Limited	Crisil A2
Electronic Dealer Financing Scheme(e-DFS)	14.5	RBL Bank Limited	Crisil A2
Proposed Fund-Based Bank Limits	3	Not Applicable	Crisil BBB+/Stable
Short Term Bank Facility	17	Bajaj Finance Limited	Crisil A2
Term Loan	5.5	RBL Bank Limited	Crisil BBB+/Stable

Annexure: List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating activities

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI

2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*\$	RBI
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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFC's, HFCs, Fis	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts\$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	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.

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Crisil Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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