Mangalam Alloys Limited

November 13, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 182.15 Crore	Regulator^
Long Term Rating	IVR BBB/Negative (Rating Reaffirmed and Outlook revised to 'Negative' from 'Stable')	RBI
Short Term Rating	IVR A3+ (Rating Reaffirmed)	RBI
^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.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics 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.*

Rationale

Infomerics ratings have reaffirmed its ratings on the bank facilities of Mangalam Alloys Limited (MAL) with outlook revised to 'Negative' from 'Stable'. The reaffirmation of ratings factors in the steady scale of operations with sustained operating margins over the medium term, diversified product portfolio, and extensive experience of the promoters. However, these rating strengths are partially offset by average financial risk profile, working capital-intensive nature of operations, and susceptibility to raw material price volatility.

Outlook: Negative

The 'Negative' outlook reflects the lower-than-expected performance during H1FY27. (refers to period from 1*st* April 2026 to 30*th* September 2026). The company has scheduled NCD and term loan repayments falling due in the near to medium term. IVRL will monitor the H2FY27 performance and liquidity which remains a key monitorable.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

Steady revenue from operations with sustained profitability

MAL's total operating income (TOI) grew marginally by 1.49% to Rs. 437.91 crore in FY26 from Rs. 431.47 crore in FY25, amid weak demand, pricing volatility, slower order inflows, and geopolitical uncertainties. Despite modest revenue growth, profitability improved, with Earnings before interest, tax, depreciation and amortization (EBITDA) increasing to Rs. 54.67 crore and Profit after tax (PAT) to Rs. 14.68 crore, supported by lower production costs, resulting in EBITDA and PAT margins of 12.49% and 3.33%, respectively.

Further, the company's revenue declined by 17.96% in H1FY27 compared to H1FY26, primarily due to subdued demand from end-user industries, volatility in stainless steel prices resulting in lower sales realizations, and a slowdown in order inflows during the period. EBITDA increased by 2.25% in absolute terms in H1FY27 vis-à-vis H1FY26 reflecting cautious approach of the company by strengthening its footprint in the domestic market as well as expanding its export reach through merchant exporters. However, PAT decreased by 48.18% in H1FY27 compared to H1FY26 due to higher tax. Going forward, revenue growth is expected to improve gradually with stronger demand and order inflows, supporting expected growth in net profit margins over the medium term.

Diversified product portfolio

MAL benefits from a diversified product portfolio, including stainless steel billets, ingots, hot rolled products, bright bars, flanges, and other value-added products, serving end-user industries such as automotive, chemicals, defence, oil & gas, power, and railways. The company's diversified customer base mitigates sector-specific demand risks, while its DSIR-certified in-house R&D facility supports product development and process improvement.

Extensive experience of the promoters

MAL, incorporated in 1988, was listed on the SME platform in October 2023. The company's promoters have, on average, more than two decades of industry experience. The company is led by its Managing Director, Mr. Tushar Uttamchand Mehta, son of Mr. Uttamchand Chandanmal Mehta. He holds a bachelor's degree in mechanical engineering and is responsible for overseeing the day-to-day operations and overall management of the company.

Weaknesses

Average Financial Risk Profile

The company's capital structure remained moderate, with adjusted tangible net worth increasing to Rs. 140.62 crore as on March 31, 2026. However, debt levels rose to Rs. 273.55 crore due to debt-funded capex and higher borrowings, resulting in an increase in Total Debt/EBITDA to 5.00 times as of Mar'26 from 4.45 times as of Mar'25 and TOL/TNW to 2.51 times as of Mar'26 from 2.46 times as of Mar'25. Scheduled NCD and term loan repayments falling due in the near to medium term remains key monitorable. Further, the financial risk profile is expected to improve over the medium term, supported by debt reduction, steady accretion to net worth, and improving profitability.

Working capital-intensive nature of operations

MAL's operations remain working capital intensive, driven by the need to maintain adequate inventory levels and the long receivables cycle. As a result, the operating cycle elongated to 247 days in FY26 from 194 days in FY25, primarily due to higher inventory holding arising from supply chain disruptions and elevated raw material prices. While inventory levels are expected to normalize over the medium term, efficient working capital management remains a key monitorable.

Susceptibility to raw material price volatility

MAL's profitability remains exposed to fluctuations in stainless steel scrap and other key raw material prices, which are influenced by global demand-supply dynamics. Given the competitive industry environment, the company's ability to fully pass on cost increases is limited, resulting in margins remaining vulnerable to input price volatility. Nevertheless, MAL has demonstrated a moderate ability to pass on a portion of higher raw material costs, providing partial protection to profitability.

Liquidity – Adequate

MAL's liquidity is expected to remain adequate, supported by projected cash flow from operations of Rs. 27–58 crore during FY27–FY29, which is expected to comfortably cover annual debt repayment obligations of Rs. 25–30 crore. Nevertheless, liquidity remains constrained by the working capital-intensive nature of operations, reflected in high average working capital utilization of around 96% for the 12 months ended March 2026. The recently sanctioned GECL facility is expected to provide additional financial flexibility and support liquidity going forward.

Rating Sensitivities

Upward Factors

- Substantial and sustained improvement in the scale of operations and profitability margins
- Sustained improvement in debt protection metrics, with interest coverage improving above 4.0 times on a sustained basis
- Strengthening of capital structure, resulting improvement in overall gearing and TOL/ATNW levels.

Downward Factors

- Significant decline in the scale of operations and profitability margins
- Sustained deterioration in capital structure and debt protection metrics, with interest coverage remaining below 2.0 times.
- Any unplanned debt-funded capex resulting in significant deterioration in total debt to EBIDTA levels.

About the Company

MAL, an associate company of Unison Metals Limited, was incorporated in 1988 and subsequently converted into a public limited company in 1995. The company was listed on the SME platform in October 2023. MAL manufactures a diversified range of stainless-steel products, including ingots, bright and black round bars, bright bars, hexagonal and square bars, angle bars, flat bars, fasteners, and forgings. The company's products cater to diverse end-user industries such as oil and gas, pumps, and engineering. MAL primarily operates under a business-to-business (B2B) model.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	30-09-2026
	Audited	Audited	Unaudited
Total Operating Income	431.47	437.91	179.49
EBITDA	52.90	54.67	28.60
PAT	13.28	14.68	6.09
Total Debt	235.22	273.55	284.25
Tangible Net Worth (TNW)	118.84	134.78	163.94
EBITDA Margin (%)	12.26	12.49	15.93
PAT Margin (%)	3.06	3.33	3.38
Overall Gearing (times)	2.12	2.19	1.73
Interest Coverage (times)	2.01	1.82	1.68

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria for assigning Rating outlook

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)				Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in in 2023-24
					July 15, 2026	July 08, 2025	November 22, 2024	May 01, 2024	-
1.	Fund based facilities	LT	170.79	IVR BBB /Negative	IVR BBB/ Stable	IVR BBB/Stable	IVR BBB/Negative	IVR BBB/ Stable	-
2.	Non-fund based facilities	ST	11.36	IVR A3+	IVR A3+	IVR A3+	IVR A3+	IVR A3+	-

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Term Loan -2	-	-	-	Apr 2029	1.41	IVR BBB/Negative	NA	RBI	Simple
TL-1	-	-	-	Feb 2030	1.67	IVR BBB/Negative	NA	RBI	Simple
TL-2	-	-	-	Dec 2026	0.37	IVR BBB/Negative	NA	RBI	Simple
TL-3	-	-	-	Jul 2028	0.96	IVR BBB/Negative	NA	RBI	Simple
TL-4	-	-	-	Aug 2028	1.68	IVR BBB/Negative	NA	RBI	Simple
TL-Solar	-	-	-	Oct 2035	8.00	IVR BBB/Negative	NA	RBI	Simple

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
GECL	-	-	-	May 2031	6.00	IVR BBB/Negative	NA	RBI	Simple
GECL	-	-	-	May 2031	2.00	IVR BBB/Negative	NA	RBI	Simple
GECL	-	-	-	May 2031	8.79	IVR BBB/Negative	NA	RBI	Simple
GECL	-	-	-	May 2031	7.79	IVR BBB/Negative	NA	RBI	Simple
Cash Credit	-	-	-	-	44.00	IVR BBB/Negative	NA	RBI	Simple
Cash Credit	-	-	-	-	30.00	IVR BBB/Negative	NA	RBI	Simple
Cash Credit	-	-	-	-	39.00	IVR BBB/Negative	NA	RBI	Simple
Cash Credit	-	-	-	-	10.00	IVR BBB/Negative	NA	RBI	Simple
LC					6.00	IVR A3+	NA	RBI	Simple
LC	-	-	-	-	4.00	IVR A3+	NA	RBI	Simple
CEL	-	-	-	-	1.36	IVR A3+	NA	RBI	Simple
Proposed Long Term	-	-	-	-	9.12	IVR BBB/Negative	NA	RBI	Simple

NA- Not Applicable

^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 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/Len_Mangalam_Alloys13_Nov26_9bce87e132.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: NA

Annexure 4: List of companies considered for Consolidated/Combined analysis: NA

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) * $	RBI

Sr. No.	Instrument / activity Name	Regulator of the instrument
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 NBFCs, 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 Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

** 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), Infomerics Valuation and Rating 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: 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.

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