

Sambhv Steel Tubes Limited

September 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	272.00 (Reduced from 648.56)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	20.00	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	271.44 (Enhanced from 196.44)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Sambhv Steel Tubes Limited (SSTL) continues to derive comfort from company's improving scale of operations on the back of consistently increasing production capacities with backward and forward integration of facilities leading to increasing production and sales volumes. Ratings also take cognisance of mitigation of project risk with successful expansion of sponge iron division, steel melting shop, power generation plant and pipe mill and commissioning the new pre-galvanized (GP) and stainless steel divisions within envisaged timelines and without cost overrun. CARE Ratings Limited (CareEdge Ratings) also notes SSTL's listing on BSE and NSE from July 02, 2025, post a successful initial public offer (IPO), which subsequently improved SSTL's financial risk profile bolstered by the IPO fuelled deleveraging efforts and relative improvement in the debt coverage metrics. Ratings also derive comfort from extensive experience of promoters in the iron & steel and steel tubes industry, long track record of operations, its diversified product portfolio with presence across regions and strategic location of its plant. However, ratings are tempered by SSTL's exposure to raw material price volatility, competitive and cyclical nature of the steel industry, project stabilisation risk being initial year of operations and working capital intensive operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total operating income above ₹2000 crore while sustaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margins at current levels.
- Overall gearing ratio improving to below 0.50x on a sustained basis.

Negative factors

- Decline in total operating income (TOI) by over 20% and/or PBILDT margins below 11%.
- Higher-than-envisaged debt funded capex resulting in overall gearing above unity on a sustained basis.
- Significant increase in working capital cycle above 60 days, resulting in weakening liquidity position of the company.

Analytical approach: Standalone

Outlook: Stable

The stable outlook on the long-term rating reflects CareEdge Ratings' confidence in SSTL's ability to sustain robust growth in operating income, driven by rising sales volumes and strategic capacity expansion, alongside an improving PBILDT margin. CareEdge Ratings anticipates enhancement in the company's overall financial risk profile, supported by the successful deleveraging of borrowings post raising of funds through IPO.

Detailed description of key rating drivers:

Key strengths

Consistent growth in scale of operations and steady profitability margins considering integrated operations

SSTL's operational and financial performance has consistently improved in the last five years. The company's TOI rose from ₹479.05 crore in FY21 to ₹1,512.30 crore in FY25, reflecting a robust compound annual growth rate (CAGR) of 33.30%. This growth was driven by continuous expansion in production capacity, a fully integrated operational setup, and inclusion of value-added steel products in the portfolio, which contributed to better realisations. In FY25, SSTL recorded a year-on-year revenue growth of ~18%, reaching ₹1,512.30 crore compared to ₹1,286.20 crore in FY24.

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

Sales volume improved in FY25 owing to higher volumes of ERW pipes and tubes, blooms/slabs, and sponge iron against FY24 and further supported by commissioning new products such as GP coils and pipes and stainless steel coils, despite a moderation in sales realisations.

SSTL has maintained healthy margins, with the PBILDT margin at 10.29% in FY25, though it declined from 12.49% in FY24. This moderation was largely attributable to weaker price realisation in pipes and tubes considering modest HR coil prices, increased employee expenses, and elevated operating overheads. As a result, the blended earnings before interest, taxation, depreciation, and amortisation (EBITDA) per tonne also declined to ₹5,407 in FY25 from ₹7,373 in FY24.

The company reported healthy performance in Q1 FY26, with revenues of ₹558.63 crore with y-o-y growth of ~69% and a PBILDT margin of 12.88%, marking a significant uptick compared to FY25.

Iron & steel industry is a power intensive industry where stable supply of power is required at minimum possible cost. Power cost minimisation is possible through utilisation of captive power plants leading to a relatively stable supply source & lower power cost leading to better operational efficiency. In FY25, the company has increased its CPP by 10MW, taking the total to 25MW as on March 31, 2025, comprising of 16 MW Waste Heat Recovery Based (WHRB) and 9 MW atmospheric fluidized bed combustion (AFBC). This addition is expected to further lower its dependency on external power sources and reduce power costs.

Going forward, the company is expected to sustain its growth momentum in scale of operations and profitability margins over the near-to-medium term.

Mitigation of project risk largely with expansion of sponge iron division, steel melting shop, the power generation plant and pipe mill and commencement of pre-galvanized division and stainless steel division

In FY25, SSTL strengthened its forward & backward integration by augmenting its installed capacity of sponge iron division, steel melting shop (based on induction furnace route), the power generation plant and pipe mill to attain the status of a fully integrated steel plant with captive power generation. This expansion was done in two phases with cumulative capital outlay of ₹347 crore (with no cost over-run) funded in the debt to equity ratio of 2:1. Phase 1 included expansion of sponge iron capacity from 105,000 MTPA to 280,000 MTPA & expansion of WHRB captive power plant from 6 MW to 16 MW at total cost of ₹162 crore funded in the debt to equity ratio of 2:1. Phase 1 achieved commercial operations date (COD) in September 2024.

Phase 2 included expansion of blooms/slabs capacity from 317,400 MTPA to 360,000 MTPA (including 60,000 MTPA of stainless steel blooms/slabs), HR coil capacity from 350,000 MTPA to 450,000 MTPA (including 60,000 MTPA of stainless steel HR coil) and Pipe Mill capacity from 250,000 MTPA to 350,000 MTPA. The phase also involved setting up a Continuous Galvanizing Line (CGL) and dedicated Pipe Mills to manufacture GP coils and pipes with capacity of 100,000 MTPA at total project cost of ₹185.41 crore, which was funded in the debt to equity ratio of 2:1. Phase 2 achieved COD in November 2024, and further included commencement of stainless steel annealing, pickling and cold rolling unit to manufacture stainless steel cold rolled coils with a capacity of 58,000 MTPA.

Improved financial risk profile post successful raising of funds through IPO

The company successfully raised ₹440 crore in July 2025 through an Initial Public Offering (IPO) and was listed on BSE and NSE from July 02, 2025 onwards, strengthening its net worth base. The gross proceeds from IPO were utilised towards issue related expenses, pre-payment or scheduled re-payment of a portion of certain outstanding borrowings, and general corporate purposes. Following the prepayment of term debt using IPO proceeds, the company's outstanding term debt reduced significantly to ₹40 crore as of July 31, 2025, compared to ₹414.18 crore as of March 31, 2024. Consequently, the company's capital structure has improved, with overall gearing expected to decline below 0.20x by March 31, 2026, from 1.36x as of March 31, 2025.

Experienced promoters with long track record of operations

SSTL (formerly known as Sambhv Sponge Power Private Limited) was acquired by the Raipur based Goyal family in 2017. The Raipur-based Goyal group has been involved in manufacturing iron & steel products through the group's first company - Ganpati Sponge Iron Private Limited (GSIPL). The group 2009 further spread its business in the industry by setting foot in manufacturing mild steel structural products such as Angels & Channels in its second company - S.Payerlal Ispat Private Limited (SIPL). SSTL is promoted and managed by Suresh Kumar Goyal, Vikas Kumar Goyal, who are supported by an experienced team of professionals with extensive experience in the steel & steel tubes industry segment, while the other

group companies are managed by Ashish Goyal and Manoj Kumar Goyal.

Diversified product & customer portfolio with foray into Steel products with presence across regions

The company is engaged in manufacturing wide range of finished products which includes ERW black/GI pipes & tubes, CRFH pipes, Steel door frames, GP coil and pipes and stainless steel coils. SSTL's primary business is into steel products and expansion into other value-added products like Stainless Steel, GP coils and GP Pipes in FY25, the company has diversified their product portfolio, which helps it to reach a wider customer base and reduces the risk of slowdown in particular segment. SSTL is located strategically in central India, is roughly equidistant from the north, south, east and west of India that allows it to save time and money for the end-user and the company. SSTL caters to 43 distributors & 700+ dealers respectively spread across the country.

Strategic location of the plant

The company's manufacturing facility is in close proximity to the sources of the main raw material (iron-ore and coal) required for manufacturing its products. Iron ore is sourced from suppliers such as National Mineral Development Corporation (NMDC) from its Bachel and Kirandul mines, which are based in Chhattisgarh (300-400 kms from company's plant in Raipur, Chhattisgarh) and produces highest grade of iron ore in the country. Coal is sourced mainly from Southeastern coalfields (SECL) mines including Dipka and Gevra, among others (~250 kms from the company's plant), which aids towards optimisation of freight cost and towards an efficient stable supply chain. Its central location makes it a prominent logistics hub, ensuring easy availability of heavy vehicles, making distribution of finished products across India faster, smoother, and more cost-efficient. The plant is also well-connected through road (National Highway [NH30] is ~6 kms from the plant) and rail transport (Tilda Railway Station and siding is 9 kms from plants), which also facilitates easy transportation of raw materials and finished goods.

Key weaknesses

Highly competitive and cyclical industry scenario

Steel is a cyclical industry, strongly correlated to economic cycles since its key users, construction, infrastructure, automobiles and capital goods heavily depend on the economy. Apart from local factors, the global demand supply situation, especially China, is a major factor impacting the steel prices and volumes. The producers of steel products are essentially price-takers in the market, which directly expose their cash flows and profitability to steel price volatility. The steel pipes industry is highly competitive due to presence of organised and unorganised players and expanding applications of types of steel pipes. Although, over the years the industry has become more organised with the share of unorganised players reducing, margins continue to be under pressure due to fragmentation of the industry. However, SSTL with its wide product range, fully integrated manufacturing facility, diversified market and widespread marketing network has a certain edge over other organised players in the industry.

Profitability susceptible to input prices volatility

Major raw materials (iron ore and coal) form the largest component of total cost of sales of steel products. Basic raw materials such as iron ore, coal, dolomite, scrap, manganese ore which are used for production of sponge iron and blooms/slabs are directly sourced from the domestic market on spot prices and their prices are volatile in nature, exposing PBILDT margins to raw material price fluctuation risk. However, a portion of coal requirement for sponge iron production is procured at a fixed price through long term agreements with SECL, partially mitigating this risk.

Working capital intensive operations

SSTL has working capital intensive business operations. Owing to the wide product range, the company must maintain inventory for raw material and finished goods. Moreover, raw material is purchased majorly on advance payment which leads to moderate utilisation of working capital requirement. Gross current assets moderate and stood 133 days in FY25, against 86 days in FY24. Working capital cycle improved to 27 days in FY25, compared to 45 days in FY24. Improvement was largely considering increase in average credit period to 56 days in FY25 from 20 days in FY24. Average collection period remained comfortable at 29 days in FY25 (PY:18 days).

Liquidity: Adequate

The company has adequate liquidity characterised by sufficient cushion in gross cash accruals (GCA) of ₹104 crore against scheduled debt repayment obligations of ₹38 crore in FY25; supported by above unity current ratio and cash and cash equivalents of ₹22 crore, which included pledged fixed deposits of ₹17 crore as on March 31, 2025. SSTL also usually has a buffer available in working capital limits with average utilisation being ~51.40% of available working capital limits for 12

months ended July 2025. The company presently has a sanctioned working capital limit of ₹347 crore, which is adequate for meeting its short-term working capital needs.

Going forward, the company's liquidity position is expected to remain adequate considering healthy GCA against low repayment obligations of ~₹6 crore in current fiscal year.

Environment, social, and governance (ESG) risks: Not applicable

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
Industrials	Capital goods	Industrial products	Iron and steel products

SSTL is engaged in manufacturing sponge iron, blooms/slabs, HR coils and ERW pipes and tubes. The company has an installed capacity of 280,000 MT for sponge iron, 360,000MT for blooms/slabs (including 60,000 MTPA of stainless steel blooms/slabs) , 450,000 MT for HR coils (including 60,000 MTPA of stainless steel HR coil),350,000 MT for ERW pipes and tubes, 100,000 MT for CR coils, 100,000 MT for GP coils and pipes and 58,000 MT for stainless steel CR coils. The company also has 25 MW captive power plant – a 16 MW Waste Heat Recovery Boiler (WHRB) & a nine MW Atmospheric Fluidised Bed Combustion (AFBC) system as on March 31, 2025. The company is promoted and managed by Suresh Kumar Goyal, Vikas Kumar Goyal, and a team of industry experienced professionals.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (A)
Total operating income	1,286.20	1,512.30	558.63
PBILDT	160.64	155.58	71.94
PAT	82.44	58.04	33.40
Overall gearing (times)	0.89	1.36	NA
Interest coverage (times)	5.13	3.26	NA

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

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 instruments/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		-	-	-	232.00	CARE A; Stable
Fund-based - LT-Term Loan		-	-	30-04-2033	40.00	CARE A; Stable
Fund-based - LT/ST-Standby Line of Credit		-	-	-	20.00	CARE A; Stable / CARE A1
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	95.00	CARE A1
Non-fund-based - ST-Letter of credit		-	-	-	175.00	CARE A1
Non-fund-based-Short Term		-	-	-	1.44	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/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-Cash Credit	LT	232.00	CARE A; Stable	-	1)CARE A; Stable (10-Oct-24) 2)CARE A; Stable (01-Oct-24)	-	-
2	Fund-based - LT-Term Loan	LT	40.00	CARE A; Stable	-	1)CARE A; Stable (10-Oct-24)	-	-
3	Fund-based - LT/ ST-Standby Line of Credit	LT/ST	20.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (10-Oct-24)	-	-
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	95.00	CARE A1	-	1)CARE A1 (10-Oct-24)	-	-
5	Non-fund-based - ST-Letter of credit	ST	175.00	CARE A1	-	1)CARE A1 (10-Oct-24)	-	-
6	Non-fund-based-Short Term	ST	1.44	CARE A1	-	1)CARE A1 (10-Oct-24)	-	-

LT: Long term, LT/ST: Long term/Short term, ST: Short term

Annexure-3: Detailed explanation of covenants of rated instrument/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	Fund-based - LT/ ST-Standby Line of Credit	Simple
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
5	Non-fund-based - ST-Letter of credit	Simple
6	Non-fund-based-Short Term	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.

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