

SYNERGY ADVANCED METALS LIMITED

December 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	368.56 (Enhanced from 351.82)	CARE BBB+; Stable	Downgraded from CARE A-; Negative
Short-term bank facilities	250.00	CARE A2	Downgraded from CARE A2+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has revised the long-term ratings assigned to bank facilities of Synergy Advanced Metals Limited (SAML) from CARE A- to CARE BBB+ with revision in the outlook from 'Negative' to 'Stable' and revised the short-term rating from CARE A2+ to CARE A2.

Revision in ratings of SAML factors in sustained elongation in operating cycle due to a continuous increase in inventory levels leading to elevated debt levels considering higher utilisation of working capital borrowings, and resultant moderation in overall gearing and debt coverage indicators. Ratings continue to remain constrained by susceptibility to steel scrap and nickel price volatility, exposure to foreign exchange fluctuation risk, and the competitive and cyclical nature of the stainless steel (SS) industry. Ratings take cognisance of ongoing customs dispute regarding alleged mis-declaration of origin for SS scrap imports from December 2019–January 2021. However, ratings continue to derive strength from its experienced promoters and the company's long track record of operations in the SS industry. Ratings also continue to take comfort from sustained scale of operations in FY25 (Provisional; FY refers to April 01 to March 31) despite continuous correction in steel prices in the year with slight improvement in profitability margins. Ratings also take note of fund infusion by promoters aggregating ₹10 crore in FY25 in the form of unsecured loans against ₹20 crore envisaged earlier, and proposed infusion of another ₹20 crore unsecured loans by the end of FY26 to support incremental working capital requirements.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in financial risk profile with overall gearing below unity and total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) below 3.00x on a sustained basis.
- Efficient working capital management with operating cycle below 60 days improving the company's liquidity position.

Negative factors

- Decline in sales volumes below 110,000 tons and PBILDT per ton below ₹3,500 on a sustained basis.
- Deterioration in overall gearing above 1.50x and/or total debt/PBILDT above 5.00x on a sustained basis.
- Delay in infusion of envisaged funds by the promoters.
- Adverse outcome in ongoing custom matters resulting in further weakening financial risk profile of the company.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings' opinion that SAML would continue to benefit from its experienced promoters, long track record of operations in the SS industry and diversified product profile.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and long track record of operations

The company's promoters have experience of over three decades. Subhash Chander Kathuria is the Chairman, and the company's operations are presently being managed by Anubhav Khathuria (Managing Director), son of Subhash Chander Khathuria. The

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

company has established track record of running operations, which provides it with advantages of long-standing association with customers and suppliers.

Sustained scales of operations and profitability in FY25

SAML reported sustained scale of operations at ₹1,996.53 crore in FY25 (Prov.), compared to ₹1,985.96 crore in FY24. Scale of operations was primarily supported by marginal volume growth in the company's products, rising from 1,55,704 metric tonne in FY24 to 1,56,792 metric tonne in FY25. However, this growth was partially offset by slight decline in average sales realisation due to continuous correction in steel prices. The PBILDT margins slightly improved from 4.54% in FY24 to 4.97% in FY25, notably, the company is focusing on adding value added products, which fetch better realisations and profitability margins. In 5MFY26 (refers to April 01 to August 31), the company achieved a topline of ₹972 crore and is projected to reach a TOI of ~₹2,165 crore for the full fiscal year, backed by sustained demand across its product portfolio.

Diversified product profile

The company has a diversified product base, including steel flats, steel wire rods, wire drawing, round bars, bright bars, and flats. SS wire rods contribute ~60–65% of sales, which commands slightly lower margins compared to SS wire drawings and bright bars. As of March 31, 2025, SAML had an installed capacity of 250,000 MTPA of steel billets, 108,000 MTPA of flats, and 217,000 MTPA of rolling, with an average capacity utilisation of ~60% in FY25 (PY: ~59%). The company's products have diversified applications across industries, including kitchenware, home appliances, automobiles (brakes, and shafts, among others), locks, and door hinges. The company is focusing on adding value-added products (premium SS grades and categories), which fetch better realisations and profitability margins. SAML commissioned a fastener plant in October 2025 with installed capacity of 10,000 MTPA, which is expected to enhance its market reach across multiple industries.

Key weaknesses

Sustained elongation in operating cycle due to a continuous increase in inventory levels, leading to higher debt levels resulting in deterioration of debt coverage indicators

The working capital cycle stood elongated in FY25 considering sustained increase in inventory levels due to increased product and grade categories require a minimum quantity of each grade raw material and finished goods, to eliminate market risk and operational risk, and to protect against price fluctuation risk. The company's working capital cycle elongated to 81 days in FY25 (PY: 72 days), primarily due to higher average inventory days of 88 days (PY: 71 days). The average collection period and average creditor period stood at 20 days (PY: 23 days) and 27 days (PY: 22 days), respectively, in FY25. These elevated inventory levels and subsequent elongation in working capital cycle had resulted in higher utilisation of working capital borrowings, with total debt increasing to ₹483.00 crore in FY25 from ₹430.92 crore in FY24, leading to deterioration in overall gearing and debt coverage indicators. The overall gearing stood moderate at 1.33x as on March 31, 2025, against 1.30x as on March 31, 2024. The PBILDT interest coverage ratio stood moderated at 2.52x (PY: 2.92x), considering increased interest cost arising from increased debt levels. Other coverage metrics also moderated, with TD/PBILDT stood at 4.87x as on March 31, 2025 (PY: 4.78x). Promoters infused unsecured loans of ₹10.00 crore in FY25, against the earlier envisaged ₹20 crore and plans to infuse another ~₹20 crore by FY26-end to meet incremental working capital requirement.

Highly competitive and cyclic nature of SS industry

The SS bars and wire rods industry remains highly competitive with presence of organised and unorganised players; however, the risk is partially mitigated, as the company has diversified product base including SS wire rods, wire drawing, round bars, bright bars, and flats, among others. Margins continue to remain low and under pressure due to fragmentation and low bargain power across industry. The steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply.

Susceptible to raw material price volatility

The company's major raw material comprises SS scrap, prices of which remain volatile. The global nickel price is a key pertinent factor deriving fluctuation in the SS prices. Sharp change in prices may have a bearing on the company's operating margins. The domestic steel prices are currently hovering around a marginal discount to international prices, as domestic steelmakers believe further increase in the prices may weigh down their domestic sales volumes.

Exposure to forex fluctuation risk

The company caters to domestic and overseas market including countries such as Germany, Turkey, Mexico, Finland, and the UAE among others. Total imports including raw material and consumables, and spares, among others, is ~30%–40% of the company's total requirement. The company's total exports remained low at 12.07% in FY25, though slightly increased from 11.07% in FY24.

Risk of forex exchange fluctuation due to sudden fall or rise in rupee value is persistent, which is partially mitigated as the company has been using natural hedging strategies and forward contracts to hedge the forex exposure. In FY25, the company reported forex gain of ₹7.06 crore (PY: ₹5.84 crore).

Liquidity: Adequate

The company has adequate liquidity, with expected gross cash accruals (GCA) of ~₹57 crore in FY26 against scheduled debt repayment of ₹10.75 crore. The average utilisation of fund-based and non-fund-based working capital limits for 12 months ended September 2025 stood at 91.41% and 93.93%, respectively, against sanctioned limits of ₹325 crore and ₹250 crore. The company had free cash and cash equivalents of ₹6.13 crore as on October 31, 2025. Promoters plan to infuse ₹20 crore unsecured loans by FY26-end to support the company's incremental working capital requirements and liquidity position.

Applicable criteria

[Policy on Default Recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating of Short Term Instruments](#)

[Manufacturing Companies](#)

[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron and steel products

The company's name changed from Synergy Steels Limited (SSL) to SAML on April 15, 2025. SAML was incorporated in 1973 as Paliwal Mini Steel (India) Limited and later acquired by Subhash Chander Kathuria (Chairman and Managing Director) in 2001. SAML is an integrated SS manufacturer engaged into manufacturing of SS wire rods, wire drawing, round bars, bright bars, flats, and fasteners among others, from scrap at its manufacturing plant at Alwar, Rajasthan.

Particular	31-03-2024 (A)	31-03-2025 (Prov.)	5MFY26 (UA)
Total operating income	1985.96	1996.53	972.74
PBILDT	90.21	99.26	51.07
PAT	29.57	32.76	18.05
Overall gearing (times)	1.30	1.33	1.33
Interest coverage (times)	2.92	2.53	3.00

A: Audited Prov: Provisional UA: Unaudited; 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		-	-	-	325.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	November 2026	43.56	CARE BBB+; Stable
Non-fund-based - ST-BG/LC		-	-	-	250.00	CARE A2

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	Non-fund-based - ST-BG/LC	ST	250.00	CARE A2	-	1)CARE A2+ (05-Sep-24)	1)CARE A2+ (06-Jul-23)	1)CARE A2+ (07-Nov-22)
2	Fund-based - LT-Cash Credit	LT	325.00	CARE BBB+; Stable	-	1)CARE A-; Negative (05-Sep-24)	1)CARE A-; Negative (06-Jul-23)	1)CARE A-; Stable (07-Nov-22)
3	Fund-based - LT-Term Loan	LT	43.56	CARE BBB+; Stable	-	1)CARE A-; Negative (05-Sep-24)	1)CARE A-; Negative (06-Jul-23)	1)CARE A-; Stable (07-Nov-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/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	Non-fund-based - ST-BG/LC	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.

Contact us

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