Evonith Value Steel Limited

December 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE A; Stable / CARE A1 and Withdrawn
Long Term Bank Facilities	-	-	Reaffirmed at CARE A; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE A; Stable/CARE A1' assigned to bank facilities of Evonith Value Steel Limited (EVSL). The action was taken per CareEdge Ratings' policy on the withdrawal of ratings and at the request from EVSL and receipt of the 'No Objection Certificate' from all banks/lenders that have extended the facilities rated by CareEdge Ratings.

The reaffirmation of the ratings assigned to the bank facilities of Evonith Group (EVSL [erstwhile Uttam Value Steels Limited] and Evonith Metallics Limited [EML]) factors in the recovery in its operational performance in FY25 (FY refers to April 01 to March 31) and and completion of its major capex activity. On a year-over-year basis, in FY25, the group recorded 14% growth in its sales volumes, while the net sales realisations (NSR) declined by ~15%, resulting in a decline of ~3% in its total operating income (TOI). This was mainly due to a decline in global steel prices and change in product mix. As compared to FY25, the group has recorded improvement in its operating and profitability performance in H1FY26, considering an increase in sales volume, that has more than offset the moderation in NSR. The profitability margins improved to 16.38% in H1FY26 compared to 10.82% in FY25.

The company's financial risk profile continues to remain comfortable marked by adequate liquidity position and comfortable debt coverage metrics. Overall gearing (including acceptances) stood at 0.39x, while debt-to-equity ratio stood at 0.38x as on March 31, 2025. The company has maintained an adequate liquidity position, with cash and liquid investments of ₹180 crore as on March 31, 2025. The ratings continue to factor in its status as an Ultra Mega Project under the Government of Maharashtra's Package Scheme of Incentives 2013 and CareEdge Ratings notes the incentives/subsidies of ~₹200-₹250 crore being yearly received by the group. The group has ~₹2,400-₹2,500 crore of subsidy/incentive to be availed over the next 10-12 years. CareEdge Ratings notes the company is nearing completion of DI pipes plant with an estimated capex of ~₹600 crore, funded entirely through internal accruals.

The ratings also draw strength from the capabilities of promoter group, Nithia Capital, which has a diverse presence across geographies in the metal and mining industry. The ratings are also supported by the integrated nature of the plant, strategically located in the central part of the country close to raw material sources, supported by enough land parcel for future expansion. Further, hot metal produced at EML serves as a critical raw material for EVSL, ensuring cost-effective supply while reducing dependence on external sources for steel manufacturing.

However, the rating strengths are tempered by susceptibility of profit margins to volatility in steel prices, forex exposure, and presence of the entity in the inherently cyclical steel industry, resulting in higher working capital requirements. Going forward, further integration and continued timely support from Nithia management team will be critical factors from the credit perspective.

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

Rating sensitivities: Factors likely to lead to rating actions: Not applicable

Analytical approach: Combined

CareEdge Ratings has adopted the combined approach (mentioned in Annexure-6), since both EML and EVSL (herein referred to as Evonith group) are closely held. Having common ownership, they are operationally integrated and exhibit cash-flow fungibility; one entity is strategically important to the other's business activity, as they operate in the similar line of business.

Outlook: Stable

The stable outlook reflects that the rated entity is likely to generate adequate operating profitability with normalisation in steel prices and favourable demand scenario in the domestic market. Furthermore, DI pipe capex is expected to operationalise by FY26, this will likely lead to increase in the sales volumes and support the revenue and profitability largely from FY27 onwards. This will enable the group to sustain its healthy business risk profile over the medium-to-long-term period. Also, CareEdge Ratings derives comfort from the stable revenue stream in the form of mega incentives and subsidies earned under the Package Scheme of Incentives.

Detailed description of key rating drivers:

Key strengths

Well-experienced and established track record of new promoters

The shareholders of the Evonith group comprise Nithia Capital, which holds 95% stake in the company through WSL. Founded in 2010 by Jai Saraf, Nithia is a global advisory and investment firm specialising in turning around heavy asset-backed underperforming assets in steel, power, resources, and allied industries. Along with Jai Saraf, the other partners of Nithia are Dr Johannes Sittard, Non-Executive Chairman, who has over 40 years of experience in metals and mining industry, and Rajib Ranjan Guha. Since 2010, Nithia has invested US$ 500 million in resource assets around the world. Out of this, it has invested ~US$ 300 million in India itself since 2019 in steel-making assets.

Availability of grant/incentives from Government of Maharashtra

In order to encourage the dispersal of industries to the less-developed areas of the state, the Government has been giving a package of incentives to new/expansion units set up in the developing region of the state since 1964 under a Scheme, popularly known as the Package Scheme of Incentives. The policy envisages grant of fiscal incentives to achieve higher and sustainable economic growth with emphasis on balanced regional development and employment generation through greater private and public investment in industrial development. Evonith metallics limited is eligible to benefit from mega incentives under the Scheme for capital investments since 2011. In FY25, the Evonith group accrued ₹281 crore as a part of the subsidy which contributed ~ 5% of the TOI.

Comfortable financial risk profile

The group's capital structure remains comfortable, with overall gearing (including the acceptances) stood at 0.39x as on March 31, 2025. Coverage metrics such as profit before interest, lease rentals, depreciation and taxation (PBILDT) interest coverage ratio and net debt/gross cash accrual (GCA) have moderated driven by moderation in profitability in FY25 compared to FY24. However, the profitability has improved in H1FY26 resulting in an improvement in coverage metrics.

Improved operating performance driven by capacity augmentation although moderation in profitability due to change in product mix

With overall blended capacity utilisation at 91%, the group's TOI moderated to ₹4,963 crore in FY25 from ₹5,125 crore in FY24, despite a 14% growth in sales volumes. The decline was primarily attributable to a 15% decline in blended realisations, driven by a change in product mix and overall decline in finished steel prices. Following the commissioning of the blast furnace in Q3FY25, resulted in higher sales of intermediary products such as pig iron. The share of pig iron sales increased to 14% in FY25 (from 6% in FY24). Given that pig iron commands materially lower realisations compared to value-added finished steel products such as HRC and GP/GC, the product mix shift exerted pressure on blended realisations. Decline in realisations and expenses towards commissioning of the second blast furnace has resulted in decline in profitability for the company. However, in H1FY26, the company's profitability margins have improved to 16.38% compared to 10.82% in FY25.

Key weaknesses

Cyclicality of the steel 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 conditions in the market. Apart from the demand-side fluctuations, the highly capital-intensive nature of steel projects and the delays in the completion hinders the responsiveness of supply side to demand movements. This results in several steel projects bunching up and coming on stream simultaneously leading to demand-supply mismatch. The producers of steel products are directly exposed to the volatility of the steel industry.

Regulatory risk and forex risk

The domestic steel sector remains exposed to regulatory risk, particularly in the form of potential changes in export duties, import safeguards or environmental compliance requirements. While export duties on iron ore, pellets, and select steel intermediaries imposed earlier were withdrawn, renewed imposition of such measures could adversely impact domestic price realisations and profitability for steel producers. The industry also continues to face exposure to volatility in seaborne coking coal prices, as a significant portion of hard coking coal is imported from Australia. Given that these purchases are denominated in USD, steel manufacturers remain vulnerable to adverse movements in global coal prices and currency fluctuations. A depreciation in the rupee against the dollar, and elevated coking coal prices, can exert pressure on operating margins in the absence of commensurate pass-through to end-users.

Liquidity: Adequate

Cash and liquid investments amounting to ~₹300 crore as on August 30, 2025 (including margin money) (cash and liquid investment amounted ₹179.59 crore and margin money amounting to Rs.106.13 crore as on March 31, 2025). The utilisation of working capital limits as on August 30, 2025, has been moderate below 10% providing sufficient headroom in terms of additional working capital requirements. All capex including DI pipe plant will be incurred through internal accruals.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Consolidation & Combined Approach
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments
Iron & Steel

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & mining	Ferrous metals	Iron & steel

EVSL (formerly known as Uttam Value Steel Limited), previously known as Lloyds Steel Industries Limited (LSIL), was incorporated on April 27, 1970, under the name of Gupta Tubes and Pipes. LSIL's steel plant was commissioned in 1995 in Wardha, Maharashtra. LSIL set up a rolling mill with an installed capacity of 1.00 million MTPA of hot rolled (HR) coil along with steel melting shop (SMS) to produce 1.08 million MTPA of steel through electric arc furnace (EAF) route. The downstream facilities include cold rolled (CR) coil mill (0.35 million MTPA capacity) and galvanised plain (GP)/galvanised corrugated (GC) sheets/coil line (0.32 million MTPA capacity).

Brief Standalone Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	4,395.69	3,960.77	2,248
PBILDT*	114.07	-26.13	154
Profit after tax (PAT)	-100.49	-209.64	NA
Overall gearing (x)	0.70	0.80	NA
Interest coverage (x)	0.84	-0.19	2.57

A: Audited UA: Unaudited; Note: these are latest available financial results; NA: Not available
*PBILDT: Profit before interest, lease rentals, depreciation, and tax.

Brief Combined Financials (₹ crore)	March 31, 2024 (UA)	March 31, 2025 (UA)	H1FY26 (UA)
Total operating income	5,125	4,963	3272
PBILDT	678	537	536
PAT	70	-54	NA
Overall gearing (times)	0.39	0.39	NA
Interest coverage (times)	2.51	1.92	4.74

A: Audited UA: Unaudited; Note: these are latest available financial results; NA: Not available
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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-Term Loan		-	-	30-09-2031	0.00	Withdrawn
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	0.00	Withdrawn
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	0.00	Withdrawn

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	1)CARE A; Stable / CARE A1 (30-Dec-25)	1)CARE A; Stable / CARE A1 (19-Nov-24)	1)CARE A; Stable / CARE A1 (19-Dec-23)	1)CARE A1 (20-Sep-22)
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	1)CARE A; Stable / CARE A1 (30-Dec-25)	1)CARE A; Stable / CARE A1 (19-Nov-24)	1)CARE A; Stable / CARE A1 (19-Dec-23)	1)CARE A; Stable (20-Sep-22)
3	Fund-based - LT-Term Loan	LT	-	-	1)CARE A; Stable (30-Dec-25)	1)CARE A; Stable (19-Nov-24)	1)CARE A; Stable (19-Dec-23)	1)CARE A; Stable (20-Sep-22)

LT: Long term; ST: Short term; LT/ST: Long term/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-Term Loan	Simple
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Evonith Metallics Limited	Full	Operational and financial linkages

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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About us:

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