

## Sakthi Steel Industries Limited

March 31, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	6.50	CARE BB+; Stable	Assigned
Long Term Bank Facilities	40.00	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the bank facilities of Sakthi Steel Industries Limited (SSIL) are constrained by thin profit margins, revenue concentration among top clients, exposure to group companies in unrelated business and fragmented nature of steel industry. The ratings, however, continue to draw strength from the vast experience of the promoters in the steel industry, SSIL's well-established relationship with dealers and suppliers.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Higher share of manufacturing income resulting in improvement in profit before interest, lease rentals, depreciation and tax (PBILDT) margins above 4%
- Improvement in Total Outside Liabilities to Net worth (TOL/TNW) below 3.00x

#### Negative factors

- Any large debt funded capital expenditure leading to moderation of capital structure with gearing levels above 4.00x
- Moderation in Total Debt/PBILDT to above 6.00x.
- Any significant elongation in the receivable period or deterioration in liquidity indicators.
- Substantial increase in exposure to group companies in unrelated business.

**Analytical approach:** Standalone

### Outlook: Stable

CareEdge Ratings believes that the company's operations will be stable in the medium term backed by extensive experience of promoters in the steel industry.

### Detailed description of key rating drivers

#### Key weaknesses

#### Thin profit margin due to commoditized nature of products

SSIL operates manufacturing facilities for producing mild steel billets and TMT bars. Due to commodity nature of the finished products and volatile raw material prices, profitability margins have been thin in the past. In FY25, the PBILDT margins remained thin, despite improvement to 2.84% (PY: 0.92%). The improvement in margins was primarily driven by a higher proportion of manufacturing sales in the overall revenue mix. In FY25, company has increased its manufacturing and sale of TMT bars, after completion of the recent capex to, 55% of TOI in FY25 (PY: 32%).

#### Revenue concentration among top customers

SSIL has exhibited an increasing trend in customer concentration with top 10 customers contributing to 43.73% of TOI in FY25 (PY: 7.55%) with one customer, Steel Authority of India Limited (CARE AA; Stable/ CARE A1+, IND AA; Stable, IND AA; Stable/ IND A1+) contributing to 18% of TOI. During 9MFY26, customer concentration continued to remain high, with the top 10 customers accounting for 37% of total sales.

#### Exposure to group company in unrelated business

The company has a subsidiary, SSI Gold House Private Limited, involved in gold retailing. SSIL had extended loan of Rs. 38.02 crore in FY23 to the subsidiary, outstanding as on March 31, 2025, stood at Rs. 24 Crores. The subsidiary has paid Rs. 2.61 Crores interest on unsecured loans in FY25.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

### Fragmented nature of steel industry leading to intense competition

The TMT bar manufacturing is characterised by low-entry barriers due to the moderate capex requirements and the easy availability of technology, which has resulted in a proliferation of several small and large manufacturers spread across the country. The highly fragmented nature of the industry has resulted in intense competition within the industry, resulting in very thin profit margins.

### Key strengths

#### Experience of the promoters and long track record of operations

The company is a part of Sakthi Group, founded in the year 1984, with diversified interest in steel, logistics, warehousing, and industrial park development. Overall functioning of the group companies is managed by Mr. K.A. Anandh and has nearly 3 decades of experience.

#### Moderate financial risk profile

The financial risk profile of the company is moderate marked by a scale of operations of Rs. 716.13 Crores in FY25 (PY: Rs. 822.94 Crores). The drop in scale can be attributed to drop in share of revenue from trading of scrap steel to 44% in FY25 (PY: 67%) which was a conscious decision by the company to concentrate on manufacturing of TMT bars. Further, SSIL has recorded sales of Rs. 419.57 Crores in 9MFY26 out of which 82% constitutes to manufacturing income. Leverage and coverage ratios of the company are improving marked by overall gearing of 0.76x as on March 31, 2025 (PY: 0.94x) and interest coverage ratio of 3.78x in FY25 (PY: 1.38x). Company has been new term loans of Rs. 12.5 Crores out of which Rs. 6.2 Crores has been drawn as on December 31, 2025. Company availed term loan for the purpose of to set up a 1 MW solar plant which will meet 20% of power requirement. Despite the new term loan, overall gearing is expected to remain comfortable.

#### Liquidity: Stretched

The operations of the company are working capital intensive marked by high utilisation of 90.36% in its working capital facilities for 12 months ended December 2025. Company has earned a GCA of Rs. 16.92 Crores in 9MFY26 against term debt obligations of ~ Rs. 3 Crores. The company also avails extended credit terms at 50-60 days with a near negative operating cycle. The company had a free cash and bank balance of Rs. 3.28 Crores as of March 31, 2025. Additionally, company has lent Rs. 24 Crores to subsidiary in the form of unsecured loans.

**Assumptions/Covenants:** Not applicable

**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](#)

[Iron & Steel](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Sakthi Steel Industries Limited was incorporated in 2010 and is engaged in trading of steel scrap and manufacturing of TMT bars from their facility at Uthiramerur, Tamil Nadu with a production capacity of 1,20,000 MT per annum. The company is a part of Sakthi Group, founded in the year 1984, with diversified interest in steel, logistics, warehousing, and industrial park development. Overall functioning of the group companies is managed by Mr. K.A. Anandh. During FY23, the company has also acquired a subsidiary SSI Gold House Private Limited engaged in retailing jewellery at Thirumangalam with an outlet area of 16,000 sq. ft.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	822.94	716.13	422.28
PBILDT*	7.60	20.35	21.50
Profit after tax (PAT)	16.51	5.82	10.65
Overall gearing (x)	0.94	0.76	0.68
Interest coverage (x)	1.38	3.78	5.79

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** CRISIL continues to categorize rating assigned to the bank facilities of SSIL under non-cooperation category vide PR dated August 14, 2025, on account of its inability to carry out a rating surveillance in the absence of the requisite information from the company.

**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		-	-	-	40.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	January-2033	6.50	CARE BB+; Stable

**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	40.00	CARE BB+; Stable	1)CARE BB+; Stable (12-Aug-25) 2)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Apr-25)	1)CARE BB+; Stable (03-Apr-24)	-	1)CARE BB+; Stable (19-Jan-23) 2)CARE BB+; Stable (06-Apr-22)
2	Non-fund-based - ST-ILC/FLC	ST	-	-	1)Withdrawn (12-Aug-25) 2)CARE A4; ISSUER NOT COOPERATING* (01-Apr-25)	1)CARE A4+ (03-Apr-24)	-	1)CARE A4+ (19-Jan-23) 2)CARE A4+ (06-Apr-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (03-Apr-24)	-	1)CARE BB+; Stable (19-Jan-23)
4	Fund-based - LT-Term Loan	LT	6.50	CARE BB+; Stable				

\*Issuer did not cooperate; based on best available information.

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

**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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