

Steel Exchange India Limited

October 07, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long Term Bank Facilities	RBI	-	-	Upgraded to CARE BBB-; Stable from CARE BB+; Stable and Withdrawn
Long Term Bank Facilities	RBI	-	-	Assigned and Withdrawn
Short Term Bank Facilities	RBI	-	-	Upgraded to CARE A3 from CARE A4+ and Withdrawn
Non Convertible Debentures	SEBI	-	-	Upgraded to CARE BBB-; Stable from CARE BB+; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has upgraded ratings assigned to the bank facilities and instrument of Steel Exchange India Limited (SEIL) from 'CARE BB+; Stable/CARE A4+' to 'CARE BBB-; Stable/CARE A3' and simultaneously withdrawn. This action has been taken at the request of SEIL and 'No Objection Certificate' received from the bank (that has extended the facilities rated by CareEdge Ratings) and debenture holder (ISIN: INE503B07044 restructured from Previous ISIN: INE503B07036). The withdrawal is in line with CareEdge Ratings' policy on the withdrawal of ratings. Furthermore, CareEdge Ratings has assigned and withdrawn rating on the proposed bank facility based on client confirmation that the rating has not been utilised for availing any bank facility.

The upgrade in the ratings assigned to the bank facilities and non-convertible debentures of SEIL factors in the improvement in its capital structure and debt-coverage indicators supported by the receipt of proceeds from convertible equity-warrants and subsequent reduction in debt level. In Q1FY27 (Q1 refers to the period from April 01 to June 30 and FY refers to period from April 01 to March 31), SEIL received ₹140.90 crore against convertible equity warrants aggregating ₹341.58 crore, including ~₹130 crore from IMR Group entities which strengthened the company's net worth. The company repaid ₹74.99 crore (including prepayment) of its long-term borrowings (term loans and non-convertible debentures) during Q1FY27. Consequently, overall gearing improved to 0.50x as on June 30, 2026, from 0.76x as on March 31, 2026 while interest coverage improved to 2.52x in Q1FY27 from 1.89x in FY26. The upgrade also considers the improvement in profitability supported by the modification of the rolling mill and commissioning of the re-heating furnace, which reduced its dependence on external conversion and enhanced its operating efficiency. The company reported its highest-ever monthly rebar production of 24,824 MT in August 2026 as against average monthly production of 13,000 MT in FY26. Going forward, the management expects a further ramp-up in production to ~40,000 MT per month, which is expected to support operational efficiencies and profitability.

The ratings continue to derive strength from the promoters' extensive experience in the steel industry, SEIL's long operating track record, established brand presence in southern India, integrated manufacturing operations, and the plant's access to ports, highways, railway sidings and key raw-material sources. In FY26, total operating income (TOI) moderated by 7.4% to ₹1,059 crore from ₹1,144 crore in FY25, primarily due to lower sales realisations, although sales volume increased by 11.3% to 290,360 MT. The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 12.37% in FY26 from 10.86% in FY25 supported by lower input costs and better absorption of fixed overheads. In Q1FY27, TOI declined by around 11% to ₹271 crore from ₹305 crore in Q1FY26. However, improved blended realisations led to an increase in PBILDT per tonne to around ₹6,097 in Q1FY27 from ₹4,893 in Q1FY26 and the PBILDT margin to 13.02% in Q1FY27 (Q1FY26: 11.92%).

The rating strengths are partially offset by SEIL's high working-capital intensity, with the operating cycle increasing to 161 days in FY26 from 118 days in FY25. The ratings also remain constrained by the inherent cyclicity of the steel industry and volatility in coal and iron-ore prices arising from global supply-demand conditions, geopolitical developments. The expected receipt of the balance proceeds from the warrant and its deployment towards debt reduction and working-capital requirements are expected to further strengthen the company's capital structure and debt coverage metrics and improve liquidity position. However, timely receipt of the remaining warrant proceeds and sustained improvement in working capital cycle remain key rating monitorable.

Analytical approach: Standalone

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

The Stable outlook reflects CareEdge Ratings' expectation that SEIL will continue to benefit from the extensive experience of its promoters and management in the steel industry and will sustain improvement in operating profitability through ramp-up of the expanded capacities.

Detailed description of key rating drivers

Key strengths

Experienced promoters and long track record of operations

SEIL is the flagship company of the Vizag Profiles group. The Chairman and Managing director, B Satish Kumar is well-qualified and possesses over three decades of experience in steel and related industries. The Joint Managing Director, B Suresh Kumar also has over two decades of experience in steel sector and takes care of marketing and development of dealership-network. Satish assisted by a team of professionals who are responsible for handling the key functional areas and have experience in their respective fields. Further Mohit Sai Kumar, director has domain expertise and oversees key functional areas. The other group companies promoted by promoters of SEIL are Vizag Profiles Private Limited, Umashiv Garments Private Limited, Simhadri Wires Private Limited, Simhadri Pellets India limited, Satyatej Vyaapar Private Limited, SAWP Steel Limited, Vizag Profiles Logistics Private Limited and Vijayalakshmi Resources LLP. Further, as part of the recent rights issue, the company has inducted Anirudh Misra, promoter of IMR Group, in its Board.

Integrated steel plant with strategic location benefits

The company's facility is strategically positioned with access to State and National Highways connecting major cities such as Chennai, Hyderabad, Kolkata, Bhubaneswar, and Raipur. It is also close to Visakhapatnam and Gangavaram Ports, providing logistics and container services, and is just 35 kilometres from Visakhapatnam International Airport. The company operates the largest private integrated steel plant in Andhra Pradesh and Telangana, in L. Kota Mandal, Vizianagaram District, spanning ~500 acres. The plant has three private railway sidings on the Bailadila – Kirandul Line. The company has recently signed 4-year non-binding MOU with NMDC for iron ore supply and is connected by rail to the Singareni Collieries Company Limited. It sources coal domestically and through imports from South Africa, Australia, and other countries, securing competitive prices. The facility includes a sponge iron plant with a 220,000 TPA capacity, a steel melting shop with a 362,000 TPA capacity, and a rolling mill with a 357,000 TPA capacity.

Improved operating performance following completion of capacity-expansion capex

SEIL completed the rolling-mill modification for in-house production of 8 mm and 10 mm rebars and commissioned a new reheating furnace. The capex increased TMT-bar capacity by around 59% to 3.57 lakh TPA, reduced dependence on external conversion and improved cost efficiency. The reheating furnace enabled higher rolling-mill throughput, with monthly production increasing to around 25,000 MT and management envisaging further ramp-up to around 40,000 MT in near term. Capacity utilisation improved to 53% in Q1FY27 from 43% in Q1FY26.

Growing sales volume with improvement in profitability

The company's TOI moderated by 7.4% to ₹1,059 crore in FY26 from ₹1,144 crore in FY25, primarily due to lower sales realisations, despite an 11.3% increase in total sales volume to 290,360 MT following capacity augmentation. In FY26, PBILDT margin improved to 12.37% from 10.86%, supported by a sharper decline in input costs and better fixed-cost absorption. However, PBILDT per tonne moderated by 5.3% to ₹4,513 from ₹4,765 primarily due to change in revenue mix. In Q1FY27, the company has reported a decline in TOI by around 11% to ₹271 crore as compared to ₹305 crore in Q1FY26. However, improved blended realisations led to an increase in PBILDT per tonne to around ₹6,097 in Q1FY27 from ₹4,893 in Q1FY26 and the PBILDT margin to 13.02% in Q1FY27 (Q1FY26: 11.92%).

Improvement in capital structure and debt coverage following equity warrant infusion

The company allotted convertible equity warrants aggregating ₹341.58 crore out of which ₹300 crore is allotted to IMR Group entities and ₹41.48 crore to other investors, against which ₹140.90 crore had been received up to June 30, 2026, including ₹130 crore from IMR Group. Subsequently, tangible net worth increased from ₹572.80 crore as on March 31, 2026 to ₹748.25 crore as on June 30, 2026. The proceeds are intended for working-capital requirements, repayment of long term borrowings and general corporate purposes. During Q1FY27, the company repaid ₹46.74 crore of NCDs and ₹24.95 crore of term loans, leading to decline in total debt. Consequently, the overall gearing improved to 0.50x as on June 30, 2026 as compared to 0.76x as on March 31, 2026. PBILDT interest coverage improved from 1.67x in FY25 to 1.89x in FY26 and further to 2.52x in Q1FY27, supported by refinancing of high-cost debt, scheduled repayments and improved operating profitability. Furthermore, interest coverage is projected to improve to ~3.00x in FY27, supported by lower debt level and higher operating profitability.

Key weaknesses

Higher inventory and receivables days, further enhancing working capital requirements

SEIL's operating cycle elongated to 161 days in FY26 from 118 days in FY25, primarily due to an increase in inventory days to 138 from 107 in FY25 and collection period to 70 days from 58 in FY25. Inventory increased to ₹395.66 crore as on March 31, 2026 (PY: ₹306.30 crore) largely due to the strategic stocking of raw materials amid volatility and inconsistent availability in the scrap market. This led to increase in raw material inventory to ₹262 crore as on March 31, 2026 as compared ₹188 crore as on March 31, 2025. This resulted in negative operating cash flow of ₹35 crore in FY26 which was funded through working-capital borrowings. The position moderated further in Q1FY27, however, the same was largely funded through proceeds from warrants thereby having limited impact on liquidity. Furthermore, Management expects inventory holding period to improve with higher production along with improvement in collection period by December 2026.

Competitive landscape and vulnerability to commodity risks

Having its presence in the steel industry, SEIL faces intense competition due to numerous players manufacturing various steel products, including TMT bars. The company's profit margins are moderate, reflecting the industry's competitive nature. Additionally, SEIL is exposed to cyclicalities in the real estate and construction sectors. Regarding commodity risks, SEIL relies on essential inputs such as coal and iron for steel production. These commodities have global supply chains and are influenced by factors such as geopolitical dynamics, supply-demand imbalances, weather patterns, and government policies (especially in China). The recent volatility in commodity prices, exacerbated by geopolitical uncertainties underscores the need for managing long-term price trends.

Liquidity: Adequate

The company's liquidity position remains adequate, supported by gross cash accruals of ₹69 crore in FY26 and unencumbered cash and liquid investments of around ₹14 crore as on June 30, 2026 (₹16 crore as on March 31, 2026). However, liquidity headroom remains limited, with average fund-based working-capital utilisation at around 86% and average non-fund based working capital utilisation at around 90% during the 11 months ended July 2026. The operating cycle elongated to 161 days in FY26 from 118 days in FY25, primarily due to elongated inventory and receivable days. Liquidity is supported by the receipt of ₹140.90 crore from convertible equity warrants aggregating ₹341.58 crore. The timely receipt of the balance warrant proceeds and improvement in the working-capital cycle remain key monitorable.

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](#)

[Short Term Instruments](#)

[Iron & Steel](#)

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About the company and industry

Industry classification

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

Incorporated in February 1999, SEIL is primarily engaged in manufacturing and trading TMT bars, billets, sponge iron, and power generation. The company operates a manufacturing facility for sponge iron (220,000 tonnes per annum [TPA]), billets (3,62,000 TPA) and TMT bars (3,57,000 TPA). Additionally, the company is involved in the sale and purchase of steel products through its trading division. SEIL owns a 60 MW thermal power plant within its premises.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	1144.02	1059.44	270.71

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
PBILDT	124.27	131.05	35.24
Profit after tax (PAT)	25.93	26.99	15.03
Overall gearing (x)	0.74	0.76	0.50
Interest coverage (x)	1.67	1.89	2.52

A: Audited; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	SEBI	Complex	INE503B07044*	28-Jan-2021	12% cash coupon and 15% IRR	06-Oct-2030	0.00	Withdrawn
Fund-based - LT-Term Loan	RBI	Simple	Proposed	-	-	-	0.00	Withdrawn
Fund-based - LT-Working Capital Limits	RBI	Simple	-	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Working Capital Limits	RBI	Simple	-	-	-	-	0.00	Withdrawn

* Restructured from Previous ISIN: INE503B07036

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 2026-2027	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
1	Non-fund-based - ST-Working Capital Limits	ST	-	-	1)CARE A3 (October 07, 2026)	1)CARE A4+ (08-Oct-25)	1)CARE A4 (09-Oct-24)	1)CARE A4 (11-Mar-24) 2)CARE A4 (04-Oct-23)
2	Fund-based - LT-Working Capital Limits	LT	-	-	1)CARE BBB-; Stable (October 07, 2026)	1)CARE BB+; Stable (08-Oct-25)	1)CARE BB-; Stable (09-Oct-24)	1)CARE BB; Stable (11-Mar-24) 2)CARE BB; Stable (04-Oct-23)
3	Debentures-Non Convertible Debentures	LT	-	-	1)CARE BBB-; Stable (October 07, 2026)	1)CARE BB+; Stable (08-Oct-25)	1)CARE BB-; Stable (09-Oct-24)	1)CARE BB; Stable (11-Mar-24) 2)CARE BB; Stable (04-Oct-23)
4	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB-; Stable (October 07, 2026)	-	-	-

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: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: List of entities consolidated –** Not applicable

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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