Sambhv Steel Tubes Limited

November 05, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	20.00	CARE A+; Stable / CARE A1+	Upgraded from CARE A; Stable / CARE A1
Long-term bank facilities	RBI	265.13 (Reduced from 272.00)	CARE A+; Stable	Upgraded from CARE A; Stable
Short-term bank facilities	RBI	271.44	CARE A1+	Upgraded from CARE A1

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Sambhv Steel Tubes Limited (SSTL) factors in the company's sustained improvement in scale of operations and operating profits in FY26 and H1FY27, supported by continuous capacity additions across the value chain and an integrated manufacturing set-up with backward and forward integration. The company has reported healthy growth in production and sales volumes while maintaining satisfactory capacity utilisation levels despite regular capacity expansion. The upgrade also factors in the significant strengthening of SSTL's financial risk profile following the successful IPO in FY26, which led to substantial debt reduction, improved liquidity and enhanced financial flexibility. the company's comfortable capital structure, improved debt coverage indicators, diversified product portfolio with presence across multiple regions and the extensive experience of its promoters in the iron and steel industry continue to support the credit profile. Ratings also draw comfort from the strategic location of the manufacturing facilities and the expected benefits from the recently completed and ongoing capacity expansion initiatives.

However, Ratings remain constrained by the company's exposure to raw material price volatility, the competitive and cyclical nature of the steel industry, working capital intensive operations, and execution and stabilisation risks associated with large sized ongoing debt funded expansion projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above ₹3,500 crore while maintaining operating margins above 12% on a sustained basis.
- Timely completion of the proposed capex plans without major time and cost overruns and accruals of benefits as envisaged.

Negative factors

- Decrease in TOI below ₹2,000 crore and margins below 11% on a sustained basis.
- 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 reflects CARE Ratings Limited (CareEdge Ratings)' expectation that SSTL will continue to benefit from its integrated operations, diversified product portfolio and established market position, enabling it to sustain healthy growth in revenues and profitability in the medium term. The outlook further factors in the company's healthy accrual generation and expected operational benefits from the recently commissioned capacities and ongoing expansion initiatives.

Detailed description of key rating drivers

Key strengths

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 and steel products since 1989. SSTL is promoted and managed

[1]SEBI: 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.

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

by Suresh Kumar Goyal, Vikas Kumar Goyal, who are supported by an experienced team of professional with extensive experience in the steel & steel tubes industry segment, while other group companies are managed by Ashish Goyal and Manoj Kumar Goyal.

Strategic plant location

The company's manufacturing facility is near sources of main raw materials (iron-ore and coal) required for the manufacturing of its products. The iron ore is sourced from suppliers like NMDC Bacheli and Kirandul, which are based in Chhattisgarh (300 to 400 kms from company's plant in Raipur, Chhattisgarh). Coal is sourced mainly from Southeastern Coalfields Limited (SECL) mines including Dipka, and Gevra, among others (~250 kms from the company's plant), which aids optimisation of freight cost and towards an efficient stable supply chain. 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 facilitates easy transportation of raw materials and finished goods. The central location enables efficient distribution to major consumption markets across northern, western, eastern and southern regions, supporting lower freight costs and faster delivery timelines.

Diversified product and customer portfolio with foray into steel products with presence across regions

SSTL benefits from a diversified product portfolio across the mild steel, stainless steel and coated steel segments, enabling it to cater to a wide range of end-user industries. The company manufactures value-added products such as Electric Resistance Welded (ERW) black pipes and tubes, Cold Rolled Full Hard (CRFH) pipes, steel door frames, pre-galvanized coils and pipes, and stainless-steel hot rolled (HR), Hot Rolled Annealed and Pickled (HRAP) and cold-rolled coils, in addition to intermediate products including sponge iron, blooms/slabs and hot-rolled coils. In the last two years, SSTL significantly expanded its presence in higher-margin stainless-steel and coated steel products, resulting in value-added products contributing ~92.7% of revenue in FY26 compared to 82.9% in FY25. The product mix has also diversified, with stainless-steel coils and pre-galvanized products contributing ~26% and 22% of revenue, respectively. The company continued to witness strong traction in value-added products in H1FY27, with value-added product sales volumes increasing to 113,591 MT in Q2FY27 from 101,191 MT in Q1FY27, reflecting successful market acceptance and increasing penetration of higher-margin products.

The company has established an extensive distribution network comprising 47 distributors and over 1,000 dealers across 15 states and one Union Territory, enabling broad market reach and reducing geographical concentration risks. Supported by its diversified product portfolio, wide customer reach and integrated manufacturing operations, SSTL is well-positioned to sustain growth and strengthen its market position in the medium term.

Consistent growth in scale of operations and profitability considering integrated operations

SSTL reported a strong operational performance in FY26, driven by capacity additions, increasing integration and higher contribution from value-added products. Operating income increased by ~60% to ₹2,415.08 crore in FY26 from ₹1,512.30 crore in FY25, supported by record sales volumes of 396,731 MT (FY25: 290,581 MT) and improved capacity utilisation across newly commissioned facilities. The share of value-added products increased to ~92.7% of revenue from 82.9% in FY25, led by higher contribution from stainless-steel and pre-galvanized products.

Profitability improved materially with profit before interest, lease rentals, depreciation and taxation (PBILDT) increasing to ₹278.15 crore from ₹155.58 crore in FY25, while the PBILDT margin improved to 11.52% from 10.29%. Net profit increased to ₹143.27 crore in FY26 from ₹58.04 crore in FY25, driven by higher operating leverage, favourable product mix and lower finance costs. Operational efficiency also improved, with PBILDT per tonne increasing to ₹6,954 per tonne from ₹5,407 per tonne in FY25.

The company continued its strong growth trajectory in H1FY27, reporting revenue of ₹1,568 crore, up 38% from ₹1,138.8 crore in H1FY26, driven by higher sales from newly commissioned value-added capacities. Profitability improved, with PBILDT margin rising to 12.51% from 11.68%, while PAT nearly doubled to ₹118 crore in H1FY27 from ₹63 crore in H1FY26. Sales volume increased to ~230,433 MT, supported by ramp-up of value-added products and better capacity utilisation. Going forward, higher contribution from value-added products and the benefits of integrated operations are expected to support sustained growth and profitability.

Improved financial risk profile post successful raising of funds through IPO

SSTL's financial risk profile strengthened significantly in FY26, supported by a substantial equity infusion through its ₹440 crore IPO and the consequent reduction in debt levels. The company utilised a major portion of its initial public offering (IPO) proceeds towards repayment/prepayment of borrowings, resulting in total debt declining to ₹486.07 crore as on March 31, 2026, from ₹673.50 crore a year earlier, while net worth over doubled to ₹1,055.40 crore from ₹496.02 crore. Consequently, the capital structure improved materially, with overall gearing moderating to 0.46x as on March 31, 2026, from 1.36x as on March 31, 2025. Supported by healthy growth in operating performance, PBILDT improved, resulting in stronger debt protection metrics, as reflected by PBILDT interest coverage of 6.42x and total debt/PBILDT of 1.75x in FY26 compared to 3.26x and 4.33x, respectively, in FY25.

Overall, the company's financial risk profile remains supported by its strengthened net worth base, modest leverage, and adequate debt protection metrics. However, financial risk profile is expected to witness some moderation in the medium term considering the ongoing debt-funded capacity expansion plans. the leverage and coverage indicators are expected to remain at comfortable levels despite debt funded capex with peak gearing below 0.75x, supported by the company's healthy operating profitability,

warrant issue of ₹100 crore (₹25 crore already infused in current FY and rest would be infused by FY28) and expected accrual generation upon stabilisation of the expanded capacities.

Key weaknesses

Project risk pertaining to large-scale debt funded expansion and capacity augmentation

SSTL is undertaking a major capex programme of over ₹1,150 crore under its Vision 2030 roadmap to enhance scale, diversify its product portfolio and improve operational integration. The company is setting up a 3.6 lakh TPA greenfield stainless-steel manufacturing facility at Kesda, Chhattisgarh, and a 25 MW captive power plant, at an estimated cost of ₹957 crore. The project is being funded through a mix of ₹675 crore term debt and promoter/internal contribution and is expected to commence commercial operations from Q3FY28.

SSTL is also undertaking a ₹200 crore brownfield expansion at its existing Sarora facility involving the addition of a 1.5 lakh TPA Direct Forming Technology (DFT)-based ERW pipe mill and a 30 MW captive power plant, which will increase ERW pipe capacity to 5.0 lakh TPA. On completion, the company's total captive power capacity is expected to increase to ~80 MW, supporting greater energy security and cost competitiveness. The proposed expansions are expected to strengthen SSTL's position as an integrated value-added steel manufacturer and support growth in revenues and profitability.

Apart from the ongoing steel capacity expansion, the company is also planning to set up an 8 MW captive behind-the-meter solar power plant at its Kuthrel manufacturing facility at an estimated project cost of ₹25 crore. The project is proposed to be implemented in two phases, comprising 3.2 MW in FY2028 and 4.8 MW in FY2029. The proposed investment is expected to be funded through a combination of proceeds from the warrant issue and term debt. The project is currently at the planning stage, and the company is yet to finalize the debt tie-up for the proposed investment. Timely implementation and successful ramp-up of the expanded capacities, without major cost overruns, remains a key monitorable.

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 state of the economy. Apart from local factors, the global demand supply situation, especially China, is a major factor impacting steel prices and volumes. 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 volatility in input prices:

The major raw material (iron ore and coal) forms the largest component of total cost of sales of steel products. Basic raw materials such as iron ore, coal, limestone, dolomite, manganese ore, which are used for production of sponge iron and billets are directly sourced from the domestic market and their prices are volatile in nature. Iron ore and coal requirement for sponge iron are procured on spot prices, exposing the PBILDT margins to raw material price fluctuation risk.

Working capital intensive operations

SSTL's operations continue to remain working capital-intensive owing to maintenance of inventory across multiple stages of the manufacturing process and its diversified product portfolio. The company's working capital management improved considerably in FY26. Average collection period remained comfortable at 28 days in FY26 against 29 days in FY25, while the average creditor period increased significantly to 74 days from 56 days in FY25, providing additional support to working capital requirements. Average inventory levels increased moderately to 60 days from 54 days in FY25, in line with the higher scale of operations. Consequently, the operating cycle improved further to 13 days in FY26 from 27 days in FY25.

Liquidity: Strong

The company's liquidity position remains strong, supported by healthy accrual generation, comfortable liquid investments, and moderate utilisation of working capital limits. In FY26, the company generated gross cash accruals (GCA) of ~₹199.98 crore and had made debt repayments/pre-payments of ~₹147 crore. The repayment/pre-payments were met through a combination of internal accruals and utilisation of proceeds from the company's IPO. As on October 13, 2026, the company maintained a strong liquidity buffer with cash and bank balances of ₹16.73 crore, free fixed deposits of ₹21.84 crore, and mutual fund investments of ₹152.47 crore, aggregating to ₹191.04 crore.

The company's working capital profile remains comfortable, with average fund-based utilisation at ~47% of the sanctioned limits for 12-months ended July 2026, indicating adequate cushion to meet incremental working capital requirements. average non-fund-based utilisation stood at ~29% for the six-month period ended July 2026. Going forward, liquidity is expected to remain strong considering the company's expected accrual generation against its low scheduled debt repayment obligation of only ~₹8 crore in FY27, and availability of substantial liquid investments and unutilised bank lines.

Environment, social, and governance (ESG) risks: SSTL continues to strengthen its ESG framework through a strong focus on environmental stewardship, employee well-being and responsible governance. On the environmental front, the company

improved resource efficiency through waste heat recovery, captive power generation, closed-loop water recycling, rainwater harvesting, steel scrap recovery and slag reutilisation. In FY26, 56.35% of the company's power requirement was met through internal sources, supported by waste heat recovery boiler (WHRB) and atmospheric fluidised bed combustion (AFBC) based power generation systems, while the transition from LPG to PNG further enhanced energy efficiency and reduced emissions. On the social front, the company employed 2,303 permanent employees, invested significantly in training and workforce development, maintained a robust safety framework, and spent ~₹2 crore on corporate social responsibility (CSR) initiatives focused on healthcare, education, rural development and community welfare. From a governance perspective, Sambhv follows strong corporate governance practices with an independent board, multiple board committees, a whistleblower mechanism, risk management framework and adherence to ESG-related regulatory requirements, reflecting its commitment to sustainable and responsible growth.

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 an integrated steel products manufacturer engaged in the production of sponge iron, blooms/slabs, HR coils, cold rolled (CR) coils, pre-galvanised (GP) coils and pipes, stainless steel products, and ERW pipes and tubes. As on March 31, 2026, the company had an installed capacity of 280,000 MTPA for sponge iron, 360,000 MTPA for blooms/slabs (including 60,000 MTPA of stainless-steel blooms/slabs), 450,000 MTPA for HR coils (including 60,000 MTPA of stainless-steel HR coils), 350,000 MTPA for ERW pipes and tubes, 100,000 MTPA for CR coils, 100,000 MTPA for GP coils and pipes, and 58,000 MTPA for stainless-steel CR coils. The company also operates a 25 MW captive power plant, comprising a 16 MW WHRB and a 9 MW AFBC unit, supporting its integrated manufacturing operations.

SSTL is promoted by Suresh Kumar Goyal and Vikas Kumar Goyal, who are supported by a team of experienced industry professionals. The company has further embarked on a large-scale expansion programme involving stainless-steel manufacturing, ERW pipe capacity augmentation and additional captive power generation capacity, which is expected to significantly enhance its scale and product diversification in the medium term.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	H1FY27 (UA)
Total operating income	1,512.30	2,415.08	1568.16
PBILDT*	155.58	278.15	196.19
Profit after tax (PAT)	58.04	143.27	117.90
Overall gearing (x)	1.36	0.46	-
Interest coverage (x)	3.26	6.42	9.08

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: 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 regulators:
A list of facilities / instruments falling under the purview of 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
Fund-based - LT-Cash Credit	RBI	Not Applicable	-		-	-	232.00	CARE A+; Stable
Fund-based - LT-Term Loan	RBI	Not Applicable	-		-	30-04-2031	33.13	CARE A+; Stable
Fund-based - LT/ ST-Standby Line of Credit	RBI	Not Applicable	-		-	-	20.00	CARE A+; Stable / CARE A1+
Fund-based - ST-Bill Discounting/ Bills Purchasing	RBI	Not Applicable	-		-	-	95.00	CARE A1+
Non-fund-based - ST-Letter of credit	RBI	Not Applicable	-		-	-	175.00	CARE A1+
Non-fund-based-Short Term	RBI	Not Applicable	-		-	-	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 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	Fund-based - LT-Cash Credit	LT	232.00	CARE A+; Stable	-	1)CARE A; Stable (29-Sep-25)	1)CARE A; Stable (10-Oct-24) 2)CARE A; Stable (01-Oct-24)	-
2	Fund-based - LT-Term Loan	LT	33.13	CARE A+; Stable	-	1)CARE A; Stable (29-Sep-25)	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 (29-Sep-25)	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 (29-Sep-25)	1)CARE A1 (10-Oct-24)	-
5	Non-fund-based - ST-Letter of credit	ST	175.00	CARE A1+	-	1)CARE A1 (29-Sep-25)	1)CARE A1 (10-Oct-24)	-
6	Non-fund-based-Short Term	ST	1.44	CARE A1+	-	1)CARE A1 (29-Sep-25)	1)CARE A1 (10-Oct-24)	-

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

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

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Punit Singhania Director **CARE Ratings Limited** Phone: +91-33-4018 1631 E-mail: punit.singhania@careedge.in Shivangi Sharma Assistant Director **CARE Ratings Limited** Phone: +91-33-4018 1654 E-mail: shivangi.sharma@careedge.in Ghanshyam Kedia Lead Analyst **CARE Ratings Limited** E-mail: Ghanshyam.kedia@careedge.in

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