Press Release

Steel Exchange India Limited

Revised Press Release

May 26, 2026

The revised press release is provided in relation to the Press Release published on January 20, 2026. The revised press release mentions covenants of the rated Security/facilities and corrects the date of maturity of Non – Convertible Debentures (ISIN: INE503B07044) in Annexure I & type of short-term facilities rated.

Link to the press release dated January 20, 2026, published on Infomerics website Press Release.

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Proposed Long Term Fund Based Bank Facilities	50.00	IVR BBB-/Stable **(IVR Triple B Minus with Stable Outlook)**	-	Rating Assigned	Simple
Long Term Bank Facilities – Term Loans	150.00	IVR BBB-/Stable **(IVR Triple B Minus with Stable Outlook)**	IVR BBB-/Stable **(IVR Triple B Minus with Stable Outlook)**	Rating Reaffirmed	Simple
Long Term Bank Facilities – Cash Credit	10.00	IVR BBB-/Stable **(IVR Triple B Minus with Stable Outlook)**	IVR BBB-/Stable **(IVR Triple B Minus with Stable Outlook)**	Rating Reaffirmed	Simple
Short Term Bank Facilities – Letter of Credit	40.00	IVR A3 **(IVR A Three)**	IVR A3 **(IVR A Three)**	Rating Reaffirmed	Simple
Non-Convertible Debentures	198.56	IVR BBB-/Stable **(IVR Triple B Minus with Stable Outlook)**	IVR BBB-/Stable **(IVR Triple B Minus with Stable Outlook)**	Rating Reaffirmed	Simple
Total	**448.56**	**(Rupees Four Hundred and Forty-Eight Crore and Fifty-Six Lakh Only) (Enhanced from Rs.398.56 crore)**			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed the ratings on the bank facilities of Steel Exchange India Limited (SEIL), driven by the successful completion of a ~₹92 crore capacity enhancement project in March 2025. The capex enables in-house production of 8 mm and 10 mm TMT bars, eliminating earlier external conversion at an additional cost of ~₹2,500 per tonne, thereby improving operating efficiency and margins. Further, the company has successfully refinanced its existing debt obligations in October 2025 through relatively lower interest cost with elongated debt repayment schedule improving near to medium term liquidity position.

Profitability will be supported by replacement of 18.75% per annum NCDs with 13.25 % Rate of Interest NCDs and term loans, leading to a reduction in interest costs going forward. However, IVRL notes that the interest cost will increase if company fails to pay part of debt obligations by Q4FY2026 through equity raising initiatives and remains a key monitorable.

Additionally, SEIL has secured a two-year conversion contract from Rashtriya Ispat Nigam Limited (February 2026 to January 2028) for conversion of 150 mm blooms into TMT bars, providing revenue visibility and supporting operational stability.

The rating continues to derive strength from experienced promoters and long track record of operations, integrated steel plant leading to cost efficiencies, locational advantage and improvement in overall financial risk profile. However, these rating strengths remain constrained by profits susceptible to volatility in raw material prices, working capital intensive nature of operations, cyclical nature of industry.

The outlook is stable in view of experience of promoters, long and established customer relations and integrated plant unit.

Key Rating Sensitivities:

Upward Factors

- Substantial growth in operating income and profitability leading to improvement in liquidity position of the company.
- Significant improvement in debt protection metrics.

Downward Factors

- Any decline in operating income leading to deterioration in overall financial risk profile of the company.
- Any large debt funded capex leading to deterioration in debt protection metrics and/or the liquidity position of the company.

- Failure to complete right issue within envisaged timelines.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and long track record of operations

SEIL, the flagship company of the Vizag Profiles group, is led by Mr. B Satish Kumar who serves as the Chairman and Managing Director, Mr. B Suresh Kumar serving as joint managing director. Both possesses over three decades of experience in steel and related industries. The company is also supported by another director, Mr. B Mohit Sai Kumar. Mr. Satish is assisted by a team of professionals responsible for handling key functional areas, and they collectively have experience in their respective fields for more than two decades.

Integrated steel plant leading to cost efficiencies

The company has an integrated steel plant in the state of Andhra Pradesh with sponge iron production by using the iron ore procurement from NMDC to billets manufacturing TMT bars by continuous casting process. Besides, the company has a 60 MW power generation plant which partly runs on the waste fuel gases generated in the DRI Kilns. The integrated manufacturing process is supported by the key raw material sourcing arrangement with linkages with NMDC for iron ore and Singareni Collieries Company Limited for coal that ensures cost and quality control. The raw material tie-up with a dedicated 3-lane electrified captive railway siding within the premises for coal and iron ore and the availability of surplus in-house power generation (which is also being sold outside) has helped the company to maintain stable manufacturing EBITDA margins in the past. Furthermore, the company completed the capacity enhancement with Rs.92 Crs approx. in March 2025 which enables to produce 8 and10 MM sizes in the plant instead of getting them converted outside at additional cost.

Locational advantage

The plant is located at Maliveedu, Vizianagaram, Andhra Pradesh. The site is located by the side of Balidala- Kirandul railway line near Kotha Vatsala at Sreerampuram Village having Vishakhapatnam City only 35 Kms away from the plant.

The plant is connected to Roadways enroute on Vishakhapatnam – Araku Road. It has two captive railway sidings at the plant for raw material reception by rakes. The

Vishakhapatnam City Airport is around 35 km from the plant and the Gangavaram Sea Port as well as the Vishakhapatnam Sea port are within 40 kms from the plant. Because of such robust connectivity, the company has very low freight costs. Additionally, due to upcoming green expressway under advanced stage of construction connecting 2 major ports (Vizag Port and Adani's Gangavaram Port to Raipur through Odisha) passing through very close to the company (exist / entry point this controlled access road is just 3 km away), the company attained an unique position in Visakhapatnam area by owning huge surplus land along with own railway sidings (3 sidings including 1 loop lane) land has become more ideal and centre point for logistics business.

Improvement in the overall financial risk profile

The overall financial risk profile of the company has improved and remained moderated. The topline for FY25 (period refers from April 01, 2024, to March 31, 2025) improved by ~5% and stood at ~Rs. 1144 crore. Improvement in sales led to improvements in profit margins as well. The EBITDA margin and PAT margin for FY25 remained at 10.86% and 2.26% respectively as against 9.02 and 1.00% respectively for FY24 (period refers from April 01, 2023, to March 31, 2024) and 12.20% and 2.32% for H1FY2026.

The gearing ratio on adjusted TNW improved to 0.78x as on March 31, 2025, as against 0.99x as on March 31, 2024. The TOL/TNW improved and remained at 1.20x as on March 31, 2025, as against 1.50x as on March 31, 2024. Improvement in leverage ratios is backed by improved net worth of the company. The company received Rs.18.68 crore as share warrant money in FY25. The DSCR improved to 1.18x as on March 31, 2025, as against 0.72x as on March 31, 2024. The DSCR as on March 31, 2026, is expected to improve and remain at 1.39x.

Company raised refinance loans from a consortium of lenders lead by Kotak Group at favourable terms i.e Rate of Interest of 13.25% and cash coupon 12% with 5-year repayment up to October 2030 against existing coupon of 18.75% with repayment due by March 2028. This will reduce the finance cost of the company supporting improved profitability.

The company was able to procure Contract from Rashtriya Ispat Nigam Limited for conversion of their 150 MM Blooms into their brand TMT Bars. The tenure of the contract is 2 years starting from February 2026 – January 2028, rate Rs.4959 PMT. The indicative quantity for 2 years – 240000MT. This contract ensures stable revenue in the near term.

The above developments should improve the overall profitability of the company by strengthening its liquidity position and repayment capacity.

Key Rating Weaknesses

Profitability susceptible to volatility in raw material prices

Commodities are essential inputs to the manufacturing of steel. These commodities have global supply chains, and their prices are significantly impacted by various factors such as the geopolitical landscape, supply-demand imbalance, weather patterns, policy interventions by governments in key sourcing/consuming countries (especially China), and the increasing financialization of commodities markets. The changing prices of coal and iron are generally reflected through adjustments in steel prices, which help manage long-term price trends.

Working capital intensive nature of operations

The company is engaged in manufacturing of the steel products; the nature of the industry is working capital intensive. The operating cycle of the company for the last three years remained in the range of 70-120 days. Larger inventory days shall lead to higher inventory cost, price variation concerns, higher receivables and higher creditor days can increase the risk of liquidity stress. However, the above risk is mitigated to some extent as company has long standing relationship with its customers. The operating cycle for H1FY26 remained at 140 days and 119 days for FY2025.

Cyclical Nature of the industry

The steel industry is affected by changes in the economy, interest rates, and seasonal demand. Not only does demand vary, but steel projects require a lot of investment and often take a long time to complete. This makes it hard for suppliers to quickly adjust to changes in demand. As a result, many steel projects may finish at the same time, causing a mismatch between supply and demand in the market.

Analytical Approach: Standalone.

Applicable Criteria:

Rating Methodology for Manufacturing Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity –Adequate

The liquidity position of the company for FY25 remains adequate. The current ratio as on March 31, 2025, stood at 1.87x. The average CC utilisation remained at ~79% for the last 12 months ended September 2025. The GCA stood at Rs. 52.74 crore as against debt repayment of ~ Rs.25 crore.

About the Company

Steel Exchange India Limited (hereafter referred to as 'SEIL' or 'the company') is the flagship company of the Vizag Profiles Group. Established in 1999, SEIL is a manufacturer of Thermo-mechanically treated (TMT) Bars under the brand 'SIMHADRI TMT' with products such as Simhadri TMT Fe500D, Fe550D and Fe500D CRS with sizes ranging from 8mm to 32mm, Bi. The firm is primarily engaged in the manufacturing of TMT Bars, Billets and Sponge Iron at its Integrated Steel Plant located close to Visakhapatnam, Andhra Pradesh.

The Integrated Steel plant spread across more than 400 acres of land has a total capacity of 2.25 Lakh MTPA, TMT bar equipped with fully automated continuous rolling mill, Induction Furnaces, DRI Rotary Kilns and a captive thermal power plant with 60 MW capacity The billet capacity is enhanced to 3.62 Lakh MT from 2.50 Lakh MT in FY24-25. The TMT bar capacity is enhanced to 3.57 Lakh MTPA from 2.25 lakh MTPA in FY24-25.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	1089.17	1144.03
EBITDA	96.37	124.26
PAT	10.89	25.94
Total Debt	401.11	376.39
Adjusted Tangible Net Worth	403.76	480.84
EBITDA Margin (%)	8.85	10.86
PAT Margin (%)	1.00	2.26
Overall Gearing Ratio (x)*	0.99	0.78
Interest Coverage (x)	1.24	1.67

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			(Year 2025-26)	Rating History for the past 3 years		
		Type (Long Term/Short Term)	**Amount outstanding (Rs. Crore)**	**Rating**	**Date(s) & Rating(s) assigned in FY25-26**	**Date(s) & Rating(s) assigned in FY24-25**	**Date(s) & Rating(s) assigned in T-2**	**Date(s) & Rating(s) assigned in in T-3**
					Date (January 02, 2026)	**Date** (March 25, 2025)	**Date** (Month XX, 20XX)	**Date** (Month XX, 20XX)
1.	Proposed Long Term Fund Based Bank Facilities	Long Term	50.00	IVR BBB-/Stable	-			
2.	Term Loans	Long Term	150.00	IVR BBB-/Stable	IVR BBB-/Stable	-	-	-
3.	Non-Convertible Debentures	Long Term	198.56	IVR BBB-/Stable	IVR BBB-/Stable	-	-	-
4.	Cash Credit	Long Term	10.00	IVR BBB-/Stable	IVR BBB-/Stable	IVR BB+/Stable	-	-
5.	Letter of Credit	Short Term	40.00	IVR A3	IVR A3	IVR A4+	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Long Term Fund Based Bank Facilities	-	-	-	-	50.00	IVR BBB-/Stable
Term Loans	-	-	12%	March 31, 2029	150.00	IVR BBB-/Stable
Non-Convertible Debentures	INE503B 07044	January 28, 2021	12% cash coupon and 15% IRR	October 06, 2030	198.56	IVR BBB-/Stable
Cash Credit	-	-	-	-	10.00	IVR BBB-/Stable
Letter of Credit	-	-	-	-	40.00	IVR A3

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/len_SEIL_jan26_612897f156.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

ISIN	INE503B07044
Debenture Trustee	Vistra ITCL India Limited
Original allotment date	January 28, 2021
Coupon rate	12% per annum payable monthly, overall IRR – 15% to be maintained. Step-up in coupon by 2% p.a. for the outstanding amount for the period of non-compliance in case of failure by company to reduce debt by INR 75.00 crore equity raise on or before 31 March 2026.
Financial Covenants	Capacity utilisation: Minimum 65% utilisation (vs. nameplate capacity) for DRI kilns, billet casters and rolling mills on an annual basis from 1 October 2025. EBITDA: Annual operating EBITDA ≥ Rs.130 crore from FY2026 onwards. DSCR: DSCR (trailing 12 months) > 1.20x for FY2026; DSCR > 1.35x for FY2027 and every FY thereafter until Final Settlement Date. Total Debt / Net Worth: Ratio must remain < 1.00x for FY2026 and every FY thereafter. Total Debt / EBITDA: Must not exceed 3.25x for the FY ending 31 Mar 2026; must not exceed 2.50x for the FY ending 31 Mar 2027 and each subsequent FY.
Redemption date	October 06, 2030

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.