January 05, 2026

Steamhouse India Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. Crore)	Rating action
Long term fund based – Term loan	81.8	146.40	[ICRA]BBB(Stable); reaffirmed and assigned for enhanced amount
Long-term – Fund-based working capital limits (OD)	6.02	40.00	[ICRA]BBB(Stable); reaffirmed and assigned for enhanced amount
Short term - Non-fund based	42.00	83.00	[ICRA]A3+; reaffirmed and assigned for enhanced amount
Long-term/Short term – Unallocated Limits	53.18	-	-
Total	**183.00**	**269.40**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the ratings for Steamhouse India Limited (SIL) factors in its established market position in the community boiler system in India. The company has gained a first-mover advantage by developing its expertise in the supplying steam to industrial customers through its boilers at various locations in Gujarat. The ratings also consider the company's reputed clientele, although it remains moderately concentrated. Further, the company's revenue improved by 35% to Rs. 395 crore in FY2025 from Rs. 291.7 crore in FY2024, which resulted in higher profitability. The revenue and profitability are expected to increase in the current fiscal, supported by the gradual commencement of additional capacity, which will be implemented in phases throughout the year.

The ratings, however, remain constrained by modest debt coverage metrics, reflected in total debt/OBDITA of 4.0 times as on September 30, 2025, compared to 3.3 times as on March 31, 2024, on account of the ongoing debt-funded capital expenditure towards capacity expansion. This exposes the company to risks associated with the timely completion of the project within the budgeted cost. Further, timely tie-ups with customers for a subsequent ramp-up of operations remain a key monitorable.

The ratings also remained constrained by the cyclical nature of the end-user industries like the pharmaceutical, chemical and agrochemical sectors, which account for more than 50% of the company's total revenue. The company is also exposed to contract termination and lower offtake risks in case of any change of steam requirement from the end-user industries. ICRA notes that the operation of boilers is regulated by Central and state laws, and any adverse change in regulations may have an impact on the company's revenues and profitability.

ICRA notes that the company has filed an updated draft red herring prospectus (UDRPH) with the Securities and Exchange Board of India for the planned initial public offering (IPO). As per the UDRPH, a portion of the funds raised will be used to repay a significant amount of the existing debt, which will improve the company's liquidity position and debt coverage metrics. Hence, a timely completion of the IPO remains a key monitorable.

The Stable outlook on SIL's rating reflects ICRA's opinion that the company will continue to benefit from its established position as a supplier of steam products in the domestic market and a strong client profile which is expected to support the profitability, going forward.

Key rating drivers and their description

Credit strengths

First-mover advantage in steam generation and distribution – The community boiler business is a novel concept in India and the company (being the first one to introduce the concept) has the first-mover advantage over other players. By leveraging the latest technologies, the company has optimised the supply of steam to industries at the required quality (moisture content, pressure, temperature etc.). The in-house development of technology and expertise in steam distribution has helped the company scale up the operations over the years. Being the first mover in this market, the company has a competitive advantage.

Supply contracts with reputed clientele provide revenue visibility – SIL caters to various industries, including chemical, pharmaceutical, agro-chemical, textile, tyres, dyes and pigments, polymers, paints and other sectors. The customer profile consists of reputed customers, such as Heranba Industries Limited, Cadila Pharmaceuticals Limited, Lupin Limited, Atul Limited, Glenmark Life Sciences, Aether Industries Limited, MRF Limited and Zydus Lifesciences Limited, among others. The company has medium-term contacts for a period of 1-10 years with these clients. The customer concentration remained moderately high with the top 10 customers contributing to 50% of the revenue in FY2025. Going forward, with the expected commencement of the upcoming plants and a scale up of the operations, the customer concentration is expected to reduce further. Moreover, the company's profit margins are protected by price variation clauses for the key raw material (i.e., coal).

Credit challenges

Moderation in debt coverage indicators – The company reported a ~20% volume growth in FY2025, resulting in a YoY growth in revenues and profitability. The performance in H1 FY2026 has also been satisfactory. Further, the company's debt levels also increased due to the ongoing debt capital expenditure towards new capacity addition. Hence, despite the growth in earnings, the debt coverage indicators have moderated, with the company reporting interest coverage of 3.1 times (P.Y. 3.6 times) for FY2025 and total debt/OPBDITA of 3.9 times (P.Y. 3.3 times) as on March 31, 2025. The DSCR also moderated to 1.1 times (P.Y. 2.1 times) in FY2025 because of the increased interest cost and higher debt repayments. Nevertheless, the debt coverage indicators are expected to improve, going forward, with the commissioning of new projects, though the extent of the improvement remains to be seen. Additionally, the timely conclusion of the planned IPO will remain a key monitorable to support the overall liquidity position and improve the coverage metrics of the company.

Risk associated with debt-funded capex and subsequent ramp-up of operations - The company is in the process of expanding its capacity to 525 TPH (from current 345 TPH) over FY2026 and FY2027 with the installation of boilers at various locations at an estimated cost of Rs. 208.9 crore. The said capex is to be funded through a mix of term loans and internal accruals. Timely project completion within the budgeted cost and the subsequent ramp-up as per the expected operating parameters remain the key monitorables, given the high leverage levels (gearing of 2.0 times as on March 31, 2025).

Exposure to contract termination risk - The cash flows are susceptible to contract termination by the existing clients, given the weak exit clause of the agreements. A contract can be terminated by either party after giving a notice of six months/one year. Notwithstanding this, historically, the company has not witnessed any major contract termination from its key clients. At present, the company has secured contracts for a capacity of 260 TPH, which represents 75% of the operational capacity of 345 TPH.

Regulatory risk - The operation of boilers is governed by The Boiler Act, 1923, and the company operates in compliance with the guidelines established by the relevant authorities. However, any adverse change in the regulations could potentially have an impact on the company's operations and earnings. Additionally, the company relies entirely on Indonesian coal as its raw material to generate steam and, hence, the timely availability of the raw material is critical to ensure that the operations are sustained.

Liquidity position: Adequate

The company's liquidity profile remains adequate with the cash flow from operations expected to be sufficient against the debt repayments, going forward. Further, the company has free cash and bank balance of Rs. 7.6 crore as of September 2025 to support the liquidity.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant increase in revenues, accompanied by a diversification in the customer base and better profitability, which would improve the capital structure and liquidity position.

Negative factors – ICRA could downgrade the ratings if any significant decline in the scale or profitability results in a deterioration in the company's financial risk profile. Any stretch in the working capital cycle or a higher-than-anticipated debt funded capex that puts pressure on the liquidity and key credit metrics would also weigh on the ratings. A specific trigger for downgrade would be DSCR below 1.4 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SIL

About the company

Steamhouse India Limited (SIL) operates community boilers to generate steam. The generated steam is sold to industrial clusters through a pipeline network. The company operates seven steam plants (six owned and one leased) with a combined capacity of 345 TPH (Tonnes Per Hour) of output. These plants are in Ankleshwar, Vapi, Sachin GIDC, Sarigam, Dahej, Nandesari and Panoli. The company's steam plants serve various industries, including chemical, pharmaceutical, agro-chemical, textile, tyres, dyes and pigments, polymers, paints and other sectors.

Key financial indicators (audited)

SIL (Standalone)	FY2024	FY2025	H1 FY2026*
Operating income	291.7	395.1	238.4
PAT	27.2	31.2	13.1
OPBDIT/OI	23.5%	17.6%	14.1%
PAT/OI	9.3%	7.9%	5.5%
Total outside liabilities/Tangible net worth (times)	3.1	3.1	3.0
Total debt/OPBDIT (times)	3.3	3.9	4.0
Interest coverage (times)	3.6	3.1	3.0

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Provisional*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

			Current (FY2026)		Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term loan	Long term	146.40	Jan 05, 2026	[ICRA]BBB (Stable)	Oct 30,2024	[ICRA]BBB (Stable)	Jul 03, 2023	[ICRA]BBB+ (Stable)	-	-
Fund-based working capital limits (OD)	Long term	40.00	Jan 05, 2026	[ICRA]BBB (Stable)	Oct 30,2024	[ICRA]BBB (Stable)	Jul 03, 2023	[ICRA]BBB+ (Stable)	-	-
Non-fund based	Short term	83.00	Jan 05, 2026	[ICRA]A3+	Oct 30,2024	[ICRA]A3+	Jul 03, 2023	[ICRA]A2	-	-
Unallocated Limits	Long term/ Short term	-	-	-	Oct 30,2024	[ICRA]BBB (Stable)/ [ICRA]A3+	Jul 03, 2023	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-
Working capital facilities - Demand Loa	Long term	-	-	-	-	-	Jul 03, 2023	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
Long term – Fund-based working capital limits (OD)	Simple
Short term - Non-fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term fund based – Term loan**	FY2021	NA	FY2031	146.40	[ICRA]BBB(Stable)
NA	**Long-term – Fund-based working capital limits (OD)**	NA	NA	NA	40.00	[ICRA]BBB(Stable)
NA	**Short term - Non-fund based**	NA	NA	NA	83.00	[ICRA]A3+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Ankit Jain
+91 124 4545 865
Ankit.jain@icraindia.com

Rachit Mehta
+91 22 6169 3328
rachit.mehta2@icraindia.com

Menka Sabnani
+91 79 6923 3003
menka.sabnani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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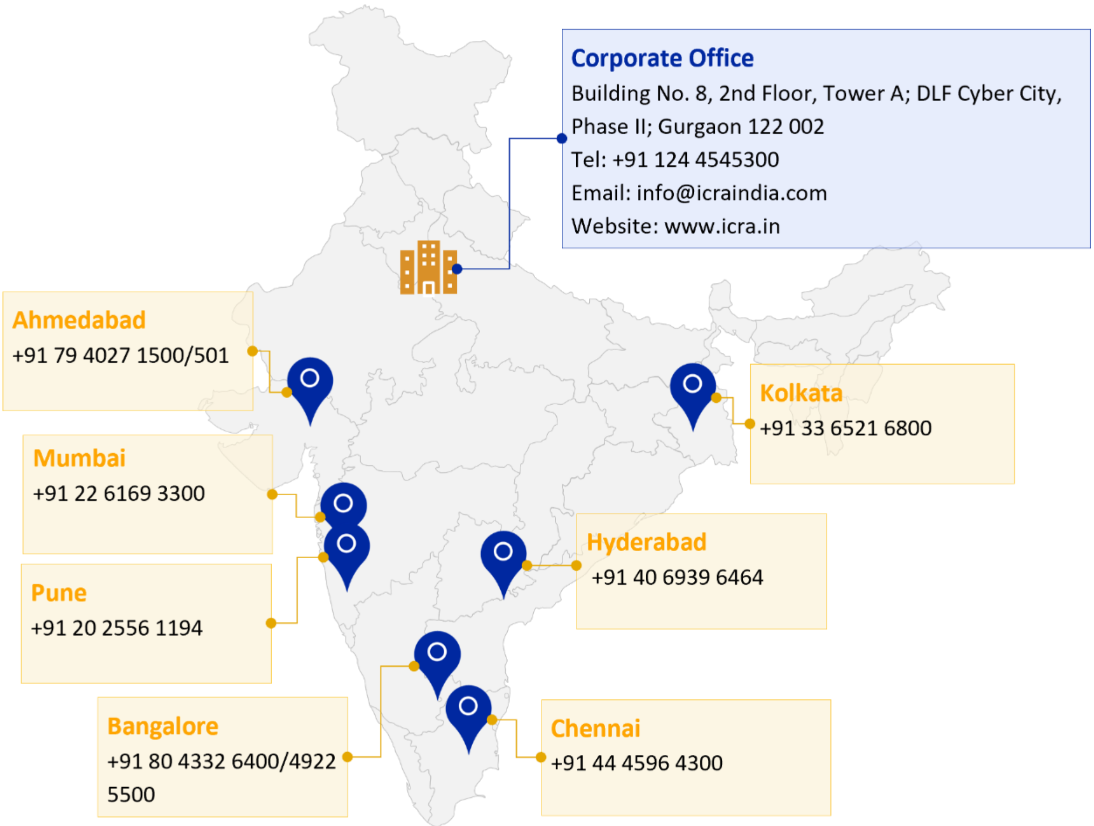
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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