

September 04, 2025

S Gupta Holding Private Limited: [ICRA]AA (Stable)/[ICRA]A1+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Unallocated limits	125.00	[ICRA]AA (Stable)/[ICRA]A1+ assigned
Total	125.00	

Rationale

The assigned ratings factor in S Gupta Holdings Private Limited's (SGHPL) status as one of the key principal holding entities of APL Apollo Tubes Limited {AATL; rated [ICRA]AA+ (Stable)/[ICRA]A1+}, and the strong financial flexibility from the market value of its investments in AATL (~Rs 11,940 crore, for stake of 26.6% as on August 19, 2025), which provides a comfortable market buffer {market value of its unencumbered equity shares of listed companies to its external debt (including guaranteed debt)} estimated at ~6.0 times as on June 30, 2025. While SGHPL has no direct external borrowings as on date, the company has extended material credit support to three group entities - S Gupta Homes Private Limited, SG Finserve Limited (rated [ICRA]AA(CE)/[ICRA]A1+) and SG Realtor Private Limited - through corporate guarantees. The current guaranteed debt stands at around Rs. 2,100 crore, which can increase in the near to medium term; however, the market buffer is expected to remain comfortable at a minimum of 4.0 times on a sustained basis.

Further, comfort is drawn from SG Finserve's (which has a considerable portion of guaranteed debt) comfortable standalone financial risk profile and its ability to meet its entire principal repayment and interest obligations from its own cash flows. ICRA would continue to monitor the performance of the group entities to which it has extended corporate guarantees and the developments related to their fund-raising initiatives.

The ratings are constrained by the susceptibility of SGHPL's financial flexibility to fluctuations in the share price movement of its only investee company, AATL. Further, being a holding company, the dividend income from AATL remains a key source of income for SGHPL. However, this along with other income sources like interest income, rentals, etc., have varied in the past and have not been a consistent source of revenue for the company. In this context, the Group's access to the financial markets at a short notice provides some comfort.

AATL's performance is likely to have a significant impact on SGHPL's dividend income and the market value buffer of its investments and remains a key rating sensitivity for the company. Nonetheless, the ratings derive comfort from AATL's leadership position in the ERW pipe industry, a consistent growth in its manufacturing income and a healthy financial risk profile, demonstrated by a strong liquidity position and comfortable debt coverage indicators amid a low working capital intensity of operations. Further, any further material reduction in the stake in AATL by SGHPL would remain a key monitorable.

The Stable outlook on the rating reflects ICRA's belief that the company will continue to benefit from the buffer of a significant market value of its investments in AATL along with the comfortable revenues from dividend income, interest income and rentals, with limited reliance on external debt, thereby helping it maintain a comfortable credit profile and financial flexibility.

Key rating drivers and their description

Credit strengths

Strong business and financial position of its key investee company AATL - As the holding company of AATL (the key investee company and the principal contributor of dividend income) and with a stake of 26.6%, the dividend income from AATL has been the primary source of income for SGHPL in the recent fiscals. As the flagship company of the Group, AATL manufactures steel pipes and tubes. The strong business profile of AATL is marked by its leadership position in the ERW pipe industry, a

consistent growth in its manufacturing income and a healthy financial risk profile, demonstrated by an adequate liquidity position and comfortable debt coverage indicators amid low working capital intensity of operations. Notwithstanding the absence of dividend payouts for FY2021 and FY2022, ICRA expects SGHPL to continue to benefit from the steady dividend flows from AATL, going forward, with additional revenues expected from the interest income from FDs, loans and advances given to related parties and rent from investments in properties.

Strong financial flexibility marked by limited reliance on debt, sizeable investment buffer and history of promoter support

- SGHPL has no outstanding debt on its books as on date. This apart, SGHPL has a guaranteed debt outstanding at ~Rs. 2,100 crore as on June 30, 2025 from the corporate guarantees given to three group entities - S Gupta Homes Private Limited, SG Finserve Limited (rated [ICRA]AA(CE)/[ICRA]A1+) and SG Realtor Private Limited - adjusting for which the cover of the market value of its unencumbered equity shares of listed companies to its external debt (including guaranteed debt) stands healthy at ~6 times. Here, comfort is also drawn from SG Finserve's comfortable standalone financial risk profile and its ability to meet its entire principal repayment and interest obligations from its own cash flows. Further, limited incremental funding requirements in SGHPL over the near term and the promoter support, historically evident in the form of fund infusion to support the cash flows, continue to support SGHPL's financial flexibility.

Credit challenges

High dependence on dividend payout from a single investee company – As AATL forms a substantial portion of its overall investments and almost the entire portion of its investment in financial assets, the dividend income from AATL remains one of the primary sources of revenue from its investments in financial assets. It is noted that the company also has some diversity in the form of interest income from short-term loans and advances extended to group entities, which provides comfort.

Market value of investments in listed company remains susceptible to volatility in stock market – SGHPL's financial flexibility, in terms of its cover, depends on AATL's share price movement. While a healthy cover is currently maintained, any substantial erosion in the market value buffer of its investments and increased debt-funded investments may reduce its financial flexibility and, hence, remains a key rating sensitivity. ICRA also derives comfort from the management's stated commitment to maintain the cover of the market value of its unencumbered equity shares of listed companies to its external debt (including guaranteed debt) at more than 4 times at all times, provides comfort.

Liquidity position: Adequate

AIPL's liquidity position is adequate, corroborated by free cash and bank balances of Rs. 62 crore as on March 31, 2025 and nil repayment obligations. Moreover, the company can comfortably access the financial institutions, leveraging the financial flexibility based on the market value of its investments.

Rating sensitivities

Positive factors – A rating upgrade can be triggered in case of a diversification in SGPL's investment portfolio, improvement in the credit profile of its key investee company, AATL, and a sustained improvement in the market value of SGPL's investment in AATL, leading to an improvement in the cover of the market value of its unencumbered equity shares of listed companies to its external debt (including guaranteed debt) .

Negative factors – Pressure on SGPL's rating could arise in case of a deterioration in the credit profile of its key investee company, AATL, or a significant erosion of the market value of SGPL's investments in AATL, resulting in reduced financial flexibility for the company. Further, the rating could be downgraded in case of a significant addition of debt, leading to higher refinancing risk and a deterioration in the debt coverage metrics. A specific metric for downgrade includes a sustained decline in the market value of its unencumbered equity shares of listed companies to below 4 times of its external debt (including guaranteed debt).

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Investment Companies
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of SGHPL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

S Gupta Holding Private Limited (erstwhile APL Infrastructure Private Limited) is an investment company of Mr. Sanjay Gupta and family {promoters of APL Apollo Tubes Limited (rated [ICRA]AA+ (Stable)/A1+)}. SGHPL's primary investment includes a 26.6% equity stake (valued at ~Rs.11,940 crore as of August 19, 2025) in AATL, the largest structural steel tubes (ERW) manufacturer in the country. In FY2025, SGHPL was converted to an NBFC and the company received its certificate of registration from the RBI on September 27, 2024 to commence/carry on the business of NBFC-CIC without accepting public deposits.

Key financial indicators (audited)

SGHPL – Consolidated	FY2024	FY2025*
Operating income	88.7	112.6
PAT	43.2	-24.8
OPBDIT/OI	90.9%	86.9%
PAT/OI	48.7%	-22.0%
Total outside liabilities/Tangible net worth (times)	0.2	0.4
Total debt/OPBDIT (times)	10.6	25.8
Interest coverage (times)	4.4	2.4

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

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					
Instrument	Type	Amount rated (Rs. crore)	Sep 04, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Unallocated limits	Long term/Short term	125.00	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-	-	-
Working Capital	Long Term	-	-	-	-	-	-	Feb 09, 2023	[ICRA]A+ (Stable); Withdrawn

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Unallocated limits	Not Applicable

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	Unallocated limits	NA	NA	NA	125.00	[ICRA]AA(Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	SGHPL's ownership	Consolidation approach
S Gupta Homes Private Limited	NA	Full consolidation^
SG Realtor Private Limited	NA	Full consolidation^

Source: Company ^The entities have been consolidated as SGHPL has guaranteed the debt of these entities, and these entities do not have material operational cashflows of their own. Further, SG Finserve Limited's guaranteed debt has also been included in the financials. SG Finserve Limited is expected to meet its entire principal repayment and interest obligations from its own cash flows, given its comfortable credit profile.

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