

December 19, 2025

STEER Engineering Private Limited: Ratings reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term - Fund based - Cash credit	50.00	70.00	[ICRA]BBB+ (Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Long term - Fund based – Term loan	16.50	18.33	[ICRA]BBB+ (Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Short term – Non-fund based limit	12.50	28.50	[ICRA]A2; reaffirmed and assigned for enhanced amount
Short term – Interchangeable	(34.00)	-	-
Total	79.00	116.83	

*Instrument details are provided in Annexure-I

Rationale

The revision in the outlook to Positive from Stable for STEER Engineering Private Limited (SEPL or STEER) takes into consideration the expectation of a healthy improvement in its scale and profitability on the back of increased revenues from new segments while maintaining stable business from the existing segments. SEPL's scale and profitability grew in FY2025 on the back of increased order intake and execution. The revenues grew by ~22% (YoY) to ~Rs. 313 crore in FY2025 from ~Rs. 257 crore in FY2024. Further, the operating margins improved to ~8.5% in FY2025, from ~7.5% in FY2024, supported by an improved scale.

The ratings continue to derive comfort from the company's experienced management with strong technical capabilities and a long track record in manufacturing extruders and its after-market parts. The ratings also consider the company's diversification into new segments, such as extruder machines for recycling and bioenergy, food and pharmaceutical industries etc. Further, the ratings continue to draw comfort from SEPL's comfortable capital structure and coverage metrics.

The ratings, however, are constrained by the high working capital intensity, the inherent cyclicity in the capital goods sector and an intensely competitive industry, marked by the presence of well-established multinational players. The company's profits are susceptible to the volatility in raw material prices, given the fixed price nature of some of the contracts. However, the company's policy of putting a mark-up on the raw material procurement price while quoting to the customer, along with the order - backed procurement for the after - sales segment and other short- term contracts and the price variation clause in the long-term contracts, protects the profitability to an extent. The company's profitability is also susceptible to forex risks to the extent of the unhedged exposure, although the risk is largely covered by natural hedging with both forex receivables and payables in place.

Key rating drivers and their description

Credit strengths

Experienced professional management, long track record in manufacturing of twin screw extruder & extruder parts and diversification into new segments - STEER was established in 1993 by a technocrat, Dr. Babu Padmanabhan. It began as a manufacturer of after-market parts for co-rotating twin screw compounding extruders for the polymer industry. The company began manufacturing its own brand of extruder machines in 2003 and over the years, it has developed a wide range of machines capable of handling various applications. The company's experienced management and its diversification into new segments - extruder machines for recycling, bioenergy, food and pharmaceutical industries, etc - would drive revenue growth in the near to medium term.

Comfortable order book position; diversified customer base and geographical presence - The company has an outstanding orderbook position of ~Rs. 176 crore as of July 2025 which provides near-term revenue visibility. Apart from domestic operations, STEER has overseas subsidiaries in the US, China and Japan, besides agents across Europe, Korea, West Asia etc. to support its export sales. At a consolidated level, export sales have contributed 60-70% to the total revenue over the last three years. The company's major export markets are the US, Japan and Europe. To diversify its revenue base, STEER is focused on widening its geographical footprint and increasing its exports.

Comfortable capital structure and coverage metrics - The company's capital structure is comfortable, marked by a gearing of 0.3 times as on March 31, 2025 (consolidated financials). With an expected improvement in scale and margins, the capital structure is likely to remain comfortable. The coverage metrics are also adequate with interest coverage of 7.7 times and NCA/total debt of ~80% in FY2025. The coverage metrics are expected to remain healthy in the near to medium term.

Credit challenges

High working capital intensity - The working capital intensity of the business increased in FY2025 and YTD FY2026 on account of high inventory holding requirement as the entity forayed into newer segments, especially bioenergy segment. The working capital intensity is expected to slightly increase in the near to medium term as the entity anticipates higher order inflow from these newer segments. However, ICRA notes that the company's accruals along with the short-term working capital borrowings have helped fund its working capital requirements.

Inherent cyclicity in capital goods sector and intensely competitive industry - As the company's performance is dependent on the growth of its end-user industries, shifts in economic cycles increase its susceptibility to the cyclicity in demand growth and significantly impact the revenues and cash flows. Moreover, STEER faces intense competition in the export market from other well-established global players.

Vulnerability to foreign currency fluctuation risk - The company's profitability is susceptible to forex risks to the extent of the unhedged exposure, although the risk is largely covered by natural hedging with both the forex receivables and payables in place. The risk is also reduced by foreign currency loans and by managing the currency flow from its subsidiaries to a favourable exchange rate.

Liquidity position: Adequate

STEER's liquidity remains adequate, marked by cash balances of around ~Rs. 5.60 crore as on March 31, 2025, along with unutilised fund-based facilities of ~Rs. 16 crore as of October 2025. The average utilisation of the working capital limits stood at ~56% in the last 16 months ended October 2025. The entity has scheduled debt repayment of ~Rs. 5.50 crore in FY2026. The company has capex plans of ~Rs. 15 crore for FY2026 which is expected to be funded by undrawn term loans and internal accruals.

Rating sensitivities

Positive factors – ICRA can upgrade the ratings if the company demonstrates a continuous growth in its earnings on the back of healthy order flows while maintaining a comfortable capital structure and an adequate liquidity position.

Negative factors - Pressure on the ratings could arise if there is a substantial decline in STEER’s scale of operations and profitability. Additionally, the ratings may be downgraded if STEER undertakes any large debt-funded capex, or if a stretch in the working capital cycle adversely impacts its liquidity profile and other key credit metrics (interest coverage less than 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	To arrive at the ratings, ICRA has considered the consolidated financials of SEPL along with its group entities, which are listed in Annexure II

About the company

Founded in 1993 by Dr. Babu Padmanabhan, Managing Director, STEER, is a leader in the design and manufacture of advanced technology platforms in the fields of plastics & polymers, pharmaceuticals, food, nutraceuticals, biomaterials, and bioenergy. Driven by a vision to steer a new world through innovation and deep work, we remain focused on the development of manufacturing technologies that would enhance the quality of life for everyone and change the way people live, eat, and stay healthy. It has manufacturing units in Bengaluru and a foundry in Coimbatore. STEER has wholly-owned subsidiaries — STEER Japan Corporation (SJC), STEER America Inc. (SAI) and STEER China Global (SCG) — to carry out sales and marketing activities in the respective regions.

Key financial indicators (audited)

SEPL	Standalone		Consolidated	
	FY2024	FY2025	FY2024	FY2025
Operating income	225.1	292.3	256.6	313.0
OPBITDA	16.2	28.4	19.2	26.5
PAT	6.8	26.9	5.9	19.0
OPBITDA/OI	7.2%	9.7%	7.5%	8.5%
PAT/OI	3.0%	9.2%	2.3%	6.1%
Total outside liabilities/Tangible net worth (times)	1.1	1.3	1.4	1.2
Total debt/ OPBDIT (times)	0.5	1.1	0.7	1.2
Interest coverage (times)	7.5	11.6	5.6	7.7

Amount in Rs. crore; All calculations are as per ICRA Research

PAT: Profit after tax; OPBDITA: 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

Instrument	Current Year (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Dec 19, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	70.00	[ICRA]BBB+ (Positive)	Sep 24, 2024	[ICRA]BBB+ (Stable)	Oct 09, 2023	[ICRA]BBB+ (Negative)	Sep 27, 2022	[ICRA]BBB+ (Stable)
Term loans	Long term	18.33	[ICRA]BBB+ (Positive)	Sep 24, 2024	[ICRA]BBB+ (Stable)	Oct 09, 2023	[ICRA]BBB+ (Negative)	Sep 27, 2022	[ICRA]BBB+ (Stable)
Non-fund based facilities	Short term	28.50	[ICRA]A2	Sep 24, 2024	[ICRA]A2	Oct 09, 2023	[ICRA]A2	Sep 27, 2022	[ICRA]A2
Interchangeable limits	Short term	-	-	Sep 24, 2024	[ICRA]A2	Oct 09, 2023	[ICRA]A2	Sep 27, 2022	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
Term loans	Simple
Non-fund based facilities	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	Cash credit	NA	NA	NA	70.00	[ICRA]BBB+ (Positive)
NA	TL (Axis – EUR FCTL)	Feb 28, 2023	NA	Oct 31, 2026	1.16	[ICRA]BBB+ (Positive)
NA	TL - 1 (Axis)	Jan 17, 2024	NA	Dec 16, 2029	8.10	[ICRA]BBB+ (Positive)
NA	TL - 2 (Axis)	Feb 03, 2025	NA	Feb 02, 2030	7.73	[ICRA]BBB+ (Positive)
NA	TL – 1 (Bajaj)	May 26, 2022	NA	May 05, 2026	0.39	[ICRA]BBB+ (Positive)
NA	TL – 2 (Bajaj)	May 26, 2022	NA	Oct 05, 2026	0.95	[ICRA]BBB+ (Positive)
NA	Non-fund-based facilities	NA	NA	NA	28.50	[ICRA]A2

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	STEER's Ownership	Consolidation Approach
STEER America Incorporation	100.00%	Full Consolidation
STEER Japan Corporation	100.00%	Full Consolidation
STEER China (Global) Limited	100.00%	Full Consolidation
Geomater Private Limited	100.00%	Full Consolidation
Sustainable Innovative Materials Private Limited	30.00%	Equity Method
Phitons Bioengineering Private Limited	30.00%	Equity Method

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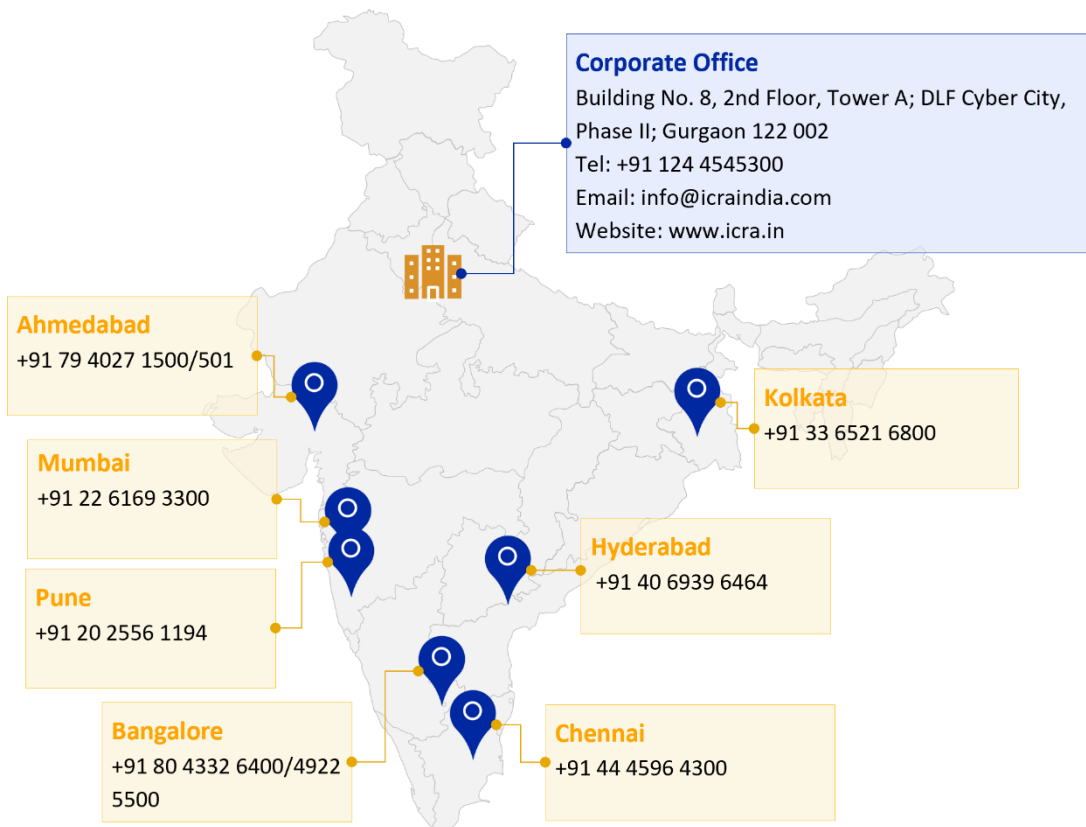


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