

December 22, 2025

Rama Steel Tubes Limited : Placed on Rating Watch with Developing Implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Cash credit	80.00	80.00	[ICRA]BB+; Placed on Rating Watch with Developing Implications
Short-term – Non-Fund based - ILC/FLC and BG	30.00	30.00	[ICRA]A4+ Placed on Rating Watch with Developing Implications
Total	110.00	110.00	

*Instrument details are provided in Annexure I

Rationale

Material event

On December 11, 2025, Rama Steel Tubes Ltd. (RSTL) informed the stock exchanges that its board has approved the joint acquisition of 100% stake in UAE-based Automech Group Holding Limited for a total consideration of AED 296 million (approximately Rs. 728 crore). The acquisition will be executed through its wholly owned UAE subsidiary, RST International Trading FZE (acquiring ~78.38% for AED 232 million) and Rama Steel Tubes Ltd (acquiring ~21.62% for AED 64 million). A portion of the consideration will be settled through a share swap, involving issuance of fresh equity shares worth AED 64 million.

Impact of material event

The acquisition is expected to expand RSTL's presence in the Middle East and diversify the product-mix into relatively high-margin engineering and fabrication segments. This is expected to improve the company's revenue base and enhance earnings diversification over the medium term. However, the transaction size is sizeable relative to RSTL's current scale and is likely to be part-funded through debt. Consequently, a debt-funded component could exert pressure on the leverage and coverage metrics and thus remain a key monitorable. Additionally, execution and integration risks remain, given the cross-border nature of the deal. That said, Automech Group's historically comfortable earnings is expected to provide support to consolidated profitability and debt protection metrics.

ICRA, however, will closely monitor developments related to the transaction, including financing arrangements, regulatory approvals, and operational synergies, and will take appropriate rating action once greater visibility emerges.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit rating Methodology Iron & Steel
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of RSTL, details of which have been enlisted in Annexure II.

About the company

Incorporated in 1974 by Mr. Harbans Lal Bansal and currently managed by his son, Mr. Naresh Kumar Bansal and grandson Mr. Richi Bansal, RSTL manufactures and trades steel tubes and pipes and galvanised iron pipes. RSTL's product range includes MS ERW black pipes of 15 mm-200 mm diameter and galvanised iron pipes of 15 mm-150 mm NB in light, medium and heavy sizes. RSTL has a subsidiary in the UAE and a step-down subsidiary in Nigeria.

In July 2022, the company further had acquired a stake in M/s Ashoka Infrasteel and Hagar Mega Mart Pvt. Ltd. However, the company sold 32.4% stake in Hagar Mega Mart Private Limited in March 2024 and further 17.6% stake on May 31, 2024, after completion of above disinvestment, M/s Hagar Mega Mart Private Limited ceased to be Associate of the Company w.e.f. March 06, 2024. RSTL has four manufacturing facilities located at Sahibabad (Uttar Pradesh), Khopoli (Maharashtra) and Anantpur (Andhra Pradesh) with a total production capacity of 2,94,000 MTPA as on March 31, 2025.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Dec 22, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based-cash credit	Long Term	80.00	[ICRA]BB+; Rating Watch with Developing Implications	Nov 25, 2025	[ICRA]BB+ (Stable)	Mar 21, 2025	[ICRA]BBB- (Stable)	Jan 12, 2024	[ICRA]BBB (Stable)	Jan 04, 2023	[ICRA]BBB- (Stable)
Non-fund based-Others	Short Term	30.00	[ICRA]A4+; Rating Watch with Developing Implications	Nov 25, 2025	[ICRA]A4+	Mar 21, 2025	[ICRA]A3	Jan 12, 2024	[ICRA]A3+	Jan 04, 2023	[ICRA]A3

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund-based – Cash credit	Simple
Short-term – Non-fund based - ILC/FLC and BG	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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Long-term Fund-based – Cash credit	-	-	-	80.00	[ICRA]BB+; Rating Watch with Developing Implications
NA	Short -term – Non-Fund based - ILC/FLC and BG	-	-	-	30.00	[ICRA]A4+; Rating Watch with Developing Implications

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	Ownership	Consolidation Approach
Rama Steel Tubes Limited	100% (rated entity)	Full Consolidation
Lepakshi Tubes Private Limited	100%	Full Consolidation
Rama Defence Private Limited	100%	Full Consolidation
RST International Trading FZE	100%	Full Consolidation
RST Industries Limited	51%	Full Consolidation
Bigwin Buildsys Coated Pvt. Ltd.	24.81%	Equity Method
Oram Green Energy Limited	40%	Equity Method
M/s Ashoka Infrasteel	51%	Full Consolidation

Source: Company

ANALYST CONTACTS

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

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

Sumit Jhunjunwala
91 33 6521 6814
sumit.jhunjunwala@icraindia.com

Prerna Aggarwal
+91 124 4545 380
prerna.aggarwal1.@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

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.