

July 02, 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	146.40	163.50	[ICRA]BBB (Stable); reaffirmed and assigned for enhanced amount
Long term – Fund based working capital limits (OD)	40.00	37.90	[ICRA]BBB (Stable); reaffirmed
Short term - Non-fund based	83.00	83.00	[ICRA]A3+; reaffirmed
Total	269.40	284.40	

*Instrument details are provided in Annexure II

Rationale

The reaffirmation of the ratings for Steamhouse India Limited (SIL) reflects its established position in India's community boiler system segment. The company benefits from a first-mover advantage, having developed expertise in supplying steam to industrial customers through its boiler network across various locations in Gujarat. The ratings also factor in the ~Rs. 50-crore equity infusion raised from investors through a private placement in June 2026, which is expected to support the company's liquidity position and working capital requirements. Additionally, SIL's diversified, albeit moderately concentrated, customer base continues to support its credit profile. The company's revenue grew ~20% to Rs. 479 crore in FY2026 from Rs. 395 crore in FY2025, leading to an improvement in the operating profitability. The revenues and earnings are expected to witness further growth in the current fiscal, supported by the phased commissioning of additional capacities over the course of the year.

The ratings, however, continue to be constrained by moderate debt coverage indicators, reflected in a total debt/OBDITA of 4.0 times and a DSCR of 1.2 times as on March 31, 2026. This is primarily due to the ongoing debt-funded capital expenditure for capacity expansion. Nevertheless, the coverage metrics are expected to improve over the medium term, supported by higher earnings and the Rs. 50-crore equity infusion, which is expected to partly fund the working capital requirements. The company also remains exposed to risks related to the timely completion of its ongoing projects within the estimated cost. Additionally, securing timely customer tie-ups to support the ramp-up in operations remains 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 in 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 SIL 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 was the first one to introduce it, which gives it a first-mover advantage over other players. The company has developed expertise in the generation and supply of steam using coal and waste-based fuels, while ensuring adherence to the required quality specifications such as pressure, temperature and moisture content. Its established operational track record, customer relationships and first-mover advantage have supported the scale-up of operations.

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, Aether Industries Limited, MRF Limited and Zydus Lifesciences Limited, among others. The company has medium-term contracts for a period of 1-10 years with these clients. The customer concentration remained moderate with the top 10 customers contributing to 30% of the revenue in FY2026. Going forward, the customer concentration is likely to reduce further with the expected commencement of the upcoming plants and a scale-up of the operations. Moreover, the company's profit margins are protected by price variation clauses for the key raw material – coal.

Credit challenges

Modest debt coverage indicators – SIL reported an ~11% volume growth in FY2026, resulting in a YoY growth in revenues and profitability. Further, the company's debt levels also increased due to the ongoing debt capital expenditure towards new capacity addition. This resulted in modest debt coverage indicators with the company reporting interest coverage of 4.0 times (P.Y. 3.1 times) for FY2026 and total debt/OPBDITA of 4.0 times (P.Y. 3.9 times) as on March 31, 2026. The DSCR was also modest at 1.2 times (P.Y. 1.1 times) in FY2026 because of the higher debt repayments. Nevertheless, the debt coverage indicators are expected to improve, going forward, with the commissioning of new projects along with the equity infusion of Rs. 50 crore, though the extent of the improvement remains to be seen. Additionally, a timely conclusion of the planned IPO will remain a key monitorable to support the overall liquidity position and improve the company's coverage metrics.

Risk associated with debt-funded capex and subsequent ramp-up of operations – The company is in the process of expanding its capacity to 525 tonnes per hour (TPH) from 345 TPH at present by FY2027 with the installation of boilers at various locations at an estimated cost of Rs. 208.9 crore. The capex is to be funded through a mix of term loans and internal accruals. A timely completion of the project within the budgeted cost and the subsequent ramp-up as per the expected operating parameters remain the key monitorables.

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 300 TPH, which represents 87% of the operational capacity of 345 TPH.

Regulatory risk – The operation of boilers is governed by The Boiler Act, 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 majorly on Indonesian coal as its raw material to generate steam and, hence, a 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 expected cash accruals from operations likely to be sufficient to meet its debt repayment obligations, going forward. The liquidity is further supported by free cash and bank balances of Rs. 12 crore as of March 2026. Additionally, the equity infusion of Rs. 50 crore in June 2026 is expected to improve the liquidity, with the proceeds largely to be used for meeting the working capital requirements.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant increase in revenues, along with 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 of 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 of output. These plants are at Ankleshwar, Vapi, Sachin GIDC, Sarigam, Dahej, Nandesari and Panoli in Gujarat. 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	FY2026*
Operating income	291.7	395.1	479.2
PAT	27.2	31.2	38.6
OPBDIT/OI	23.5%	17.6%	17.5%
PAT/OI	9.3%	7.9%	8.0%
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	4.0

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jul 02, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	163.50	[ICRA]BBB (Stable)	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	37.90	[ICRA]BBB (Stable)	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	[ICRA]A3+	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 loan	Long term	-	-	-	-	-	-	Jul 03, 2023	[ICRA]BBB+ (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

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 II: 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	163.50	[ICRA]BBB(Stable)
NA	Long term – Fund based working capital limits (OD)	NA	NA	NA	37.90	[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 III: List of entities considered for consolidated analysis – Not Applicable

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