

September 28, 2026

## Steamhouse India Limited: Ratings upgraded to [ICRA]BBB+(Stable)/[ICRA]A2

### Summary of rating action

| Instrument*                                        | Previous rated amount<br>(Rs. Crore) | Current rated amount<br>(Rs. crore) | Rating action                                       | Financial sector regulator <sup>#</sup> |
|----------------------------------------------------|--------------------------------------|-------------------------------------|-----------------------------------------------------|-----------------------------------------|
| Long term fund based – Term loan                   | 163.50                               | 163.50                              | [ICRA]BBB+(Stable); upgraded from [ICRA]BBB(Stable) | RBI                                     |
| Long term – Fund based working capital limits (OD) | 37.90                                | 37.90                               | [ICRA]BBB+(Stable); upgraded from [ICRA]BBB(Stable) | RBI                                     |
| Short term - Non-fund based                        | 83.00                                | 83.00                               | [ICRA]A2; upgraded from [ICRA]A3+                   | RBI                                     |
| <b>Total</b>                                       | <b>284.40</b>                        | <b>284.40</b>                       |                                                     |                                         |

\*Instrument details are provided in Annexure I

<sup>#</sup>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 financial sector regulators other than SEBI

### Rationale

The upgrade in the ratings of Steamhouse India Limited (SIL) factors in a significant improvement in its financial risk profile following the successful completion of its Rs. 353-crore initial public offering (IPO) in September 2026, which was preceded by a Rs. 50-crore equity infusion from reputed investors in June 2026. These equity raises have materially strengthened the company's net worth and will support a reduction in the debt levels. Consequently, SIL's capital structure, debt coverage metrics and liquidity position have improved materially, enhancing its overall credit profile.

The ratings also draw comfort from the company's established market position in the community boiler segment in India. SIL benefits from a first-mover advantage, having developed expertise in supplying steam to industrial customers through its boiler network across various locations in Gujarat. Additionally, SIL's diversified, although moderately concentrated customer base, continues to support its credit profile. Further, 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 revenue and profitability are expected to increase in the current fiscal, supported by the phased commissioning of additional capacities over the course of the year.

The ratings, however, remain constrained by the sizeable ongoing capital expenditure programme undertaken for capacity expansion and the associated execution risks, including timely project completion within the envisaged cost estimates. Further, the company's ability to secure customer tie-ups in a timely manner and achieve the envisaged 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. SIL 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.

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 SIL was the first company 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.

**Improved financial risk profile** - SIL's financial risk profile has improved following the successful completion of its Rs. 353-crore IPO in September 2026, which was preceded by a Rs. 50-crore equity infusion from reputed investors in June 2026. The funds will be primarily used to repay debt and fund expansion projects, thereby reducing the leverage and strengthening its capital structure and debt coverage metrics.

### Credit challenges

**Risk associated with debt-funded capex and subsequent ramp-up of operations** – The company is in the process of expanding its capacity to 675 tonnes per hour (TPH) by FY2029 from 345 TPH as on FY2026 with the installation of boilers at various locations at an estimated cost of Rs. 323 crore. Of the total capex, Rs. 209 crore is proposed to be funded through a mix of term loans and internal accruals, while the balance Rs. 114 crore is to be funded from the IPO proceeds. 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 adversely impact 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 uninterrupted operations.

### 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 successful completion of the Rs. 353-crore IPO in September 2026 has enhanced SIL's financial flexibility, with the proceeds proposed to be utilised towards debt reduction and funding a portion of the ongoing capacity expansion programme.

## 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 materially higher 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 total debt/OPBDITA above 2.5 times on a sustained basis.

## Analytical approach

| Analytical approach             | Comments                                                                          |
|---------------------------------|-----------------------------------------------------------------------------------|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a>                               |
| 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  | 491.8  |
| PAT                                                  | 27.2   | 31.2   | 38.6   |
| OPBDITA/OI                                           | 23.5%  | 17.6%  | 17.0%  |
| PAT/OI                                               | 9.3%   | 7.9%   | 7.9%   |
| Total outside liabilities/Tangible net worth (times) | 3.1    | 3.1    | 2.9    |
| Total debt/OPBDITA (times)                           | 3.3    | 3.9    | 4.0    |
| Interest coverage (times)                            | 3.6    | 3.1    | 3.9    |

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

## 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) | Sep 28, 2026        | Date         | Rating             | FY2026                                            |                    | FY2025       |                               | FY2024       |                               |
|                                                 |                       |                          |                     |              |                    | Date                                              | Rating             | Date         | Rating                        | Date         | Rating                        |
| <b>Term loan</b>                                | Long term             | 163.50                   | [ICRA]BBB+ (Stable) | Jul 02, 2026 | [ICRA]BBB (Stable) | Jan 05, 2026                                      | [ICRA]BBB (Stable) | Oct 30, 2024 | [ICRA]BBB (Stable)            | Jul 03, 2023 | [ICRA]BBB+ (Stable)           |
| <b>Fund based working capital limits (OD)</b>   | Long term             | 37.90                    | [ICRA]BBB+ (Stable) | Jul 02, 2026 | [ICRA]BBB (Stable) | Jan 05, 2026                                      | [ICRA]BBB (Stable) | Oct 30, 2024 | [ICRA]BBB (Stable)            | Jul 03, 2023 | [ICRA]BBB+ (Stable)           |
| <b>Non-fund based</b>                           | Short term            | 83.00                    | [ICRA]A2            | Jul 02, 2026 | [ICRA]A3+          | Jan 05, 2026                                      | [ICRA]A3+          | Oct 30, 2024 | [ICRA]A3+                     | Jul 03, 2023 | [ICRA]A2                      |
| <b>Unallocated limits</b>                       | Long term/ Short term | -                        | -                   | -            | -                  | -                                                 | -                  | Oct 30, 2024 | [ICRA]BBB (Stable)/ [ICRA]A3+ | Jul 03, 2023 | [ICRA]BBB+ (Stable)/ [ICRA]A2 |
| <b>Working capital facilities - Demand loan</b> | 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 | Financial sector regulator <sup>#</sup> |
|------|----------------------------------------------------|------------------|-------------|----------|--------------------------|----------------------------|-----------------------------------------|
| NA   | Long term fund based – Term loan                   | FY2021           | NA          | FY2031   | 163.50                   | [ICRA]BBB+(Stable)         | RBI                                     |
| NA   | Long term – Fund based working capital limits (OD) | NA               | NA          | NA       | 37.90                    | [ICRA]BBB+(Stable)         | RBI                                     |
| NA   | Short term - Non-fund based                        | NA               | NA          | NA       | 83.00                    | [ICRA]A2                   | RBI                                     |

Source: Company

<sup>#</sup>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 financial sector regulators other than SEBI.

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

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

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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.

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## ICRA Limited

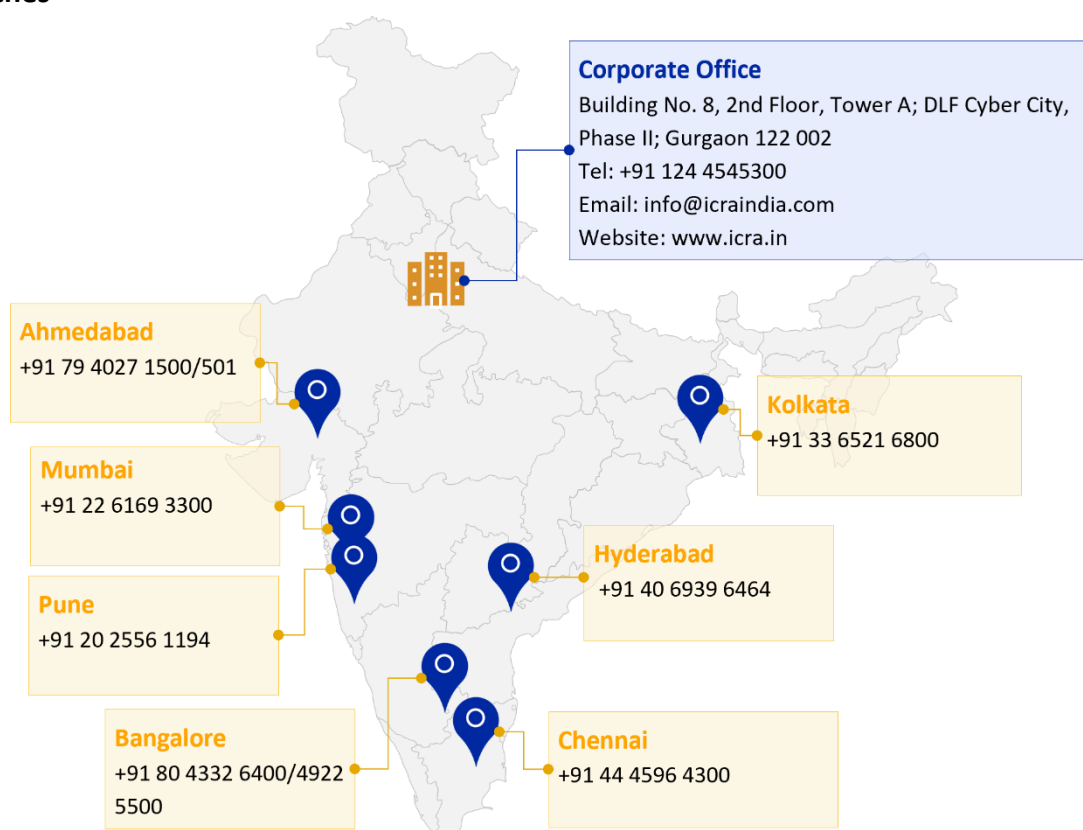


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