



Rating Rationale

June 11, 2025 | Mumbai

Ratnamani Metals and Tubes Limited

Ratings reaffirmed at 'Crisil AA/Positive/Crisil A1+'

Rating Action

Total Bank Loan Facilities Rated	Rs.2200 Crore
Long Term Rating	Crisil AA/Positive (Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities*

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AA/Positive/Crisil A1+' ratings on the bank facilities of Ratnamani Metals and Tubes Limited (Ratnamani).

Revenue increased by 3% year-on-year in fiscal 2025, supported by volume growth as realisations remained muted due to lower commodity prices. The earnings before interest, taxes, depreciation and amortisation (Ebitda) margin declined to 15.8% in fiscal 2025, from 18.2% in fiscal 2024, due to change in product mix with increase in orders from water applications that have lower profitability compared to oil and gas applications.

Revenue is expected to increase by 8-10% over the medium term, driven by healthy order book position of ~Rs 2,000 crore, ramping up of increased production capacity and scaling up of revenue from subsidiaries. Meanwhile, the operating margin may sustain at 16-18%.

The company plans to undertake a capital expenditure (capex) of Rs 1,600 crore, of which Rs 844 crore will be towards capacity expansion at helical submerged arc welding/longitudinal submerged arc welding (HSAW/LSAW) capacity at its existing plants and Rs 764 crore towards incremental capacity in subsidiaries. The capex at the company (standalone level) will be funded by internal cash accrual with major capex (~64%) expected to be completed in fiscal 2026 and remaining by fiscal 2027. The capex in group companies -- viz. Ravi Technoforge and Ratnamani Finow Spooling Solutions -- and joint venture (JV) in Saudi will be funded by mix of debt and equity and should be completed by fiscal 2027.

The capital structure of the company continues to be healthy, with debt/Ebitda and total outside liabilities to tangible networth ratio estimated at 0.17 time and 0.34 time respectively as on March 31, 2025. Debt coverage was healthy, with net cash accrual to total debt and interest coverage ratios at 3.92 times and 23.60 times, respectively, in fiscal 2025. Ratios may

remain healthy over the medium term as well. Financial and liquidity risk profiles are expected to remain strong, aided by healthy cash accrual against debt obligation of only Rs 40-50 crore over the medium term.

The ratings continue to reflect the strong business risk profile of Ratnamani, supported by market leadership in the stainless steel Fs and pipes (SSTP) segment, diversified revenue and healthy financial risk profile as reflected in low gearing and comfortable debt protection metrics. These strengths are partially offset by large working capital requirement and susceptibility to slowdown in end-user industries.

Analytical Approach

Crisil Ratings has consolidated the business and financial risk profiles of Ratnamani and its subsidiaries, because of strong operational and financial linkages between them.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Strong business risk profile, supported by diversified revenue and market leadership in the SSTP segment:

Ratnamani has a diversified product profile, comprising SSTP and carbon steel pipes, which are used in various end-user industries such as power, oil and gas, chemicals, water and refineries. The company is one of the largest players in the SSTP segment in India and has steadily enhanced stainless steel capacity to 61,500 tonne per annum (TPA). The company also operates in carbon steel LSAW/HSAW and electric resistance welded (ERW) pipes and has steadily enhanced its capacity to 510,000 TPA, which will further expand to 750,000 TPA by fiscal 2027 end (HSAW/LSAW and ERW combined).

The company has also ventured into inorganic growth to expand its presence. Ratnamani acquired 80% stake in Ravi Technoforge Pvt Ltd (a high precision forged and turned bearing rings manufacturer) in the past three fiscals; the balance 20% will be acquired in 2027. This acquisition has helped the company to expand its business into a new product line catering to existing customers. While the revenue flow has already started from this acquisition, Ratnamani will be infusing Rs 237 crore in the next two fiscals to further expand this business segment. The company earned revenue of Rs 250 crore from this business and may grow to Rs 350 crore by fiscal 2026.

Ratnamani has also entered a JV with Techenergy AG and started Ratnamani Finow Spooling Solutions Pvt Ltd -- the company will be catering to high-margin nuclear projects via this JV. Ratnamani will be incurring a capex of Rs 220 crore in the JV by the first half of fiscal 2026 end. The company earned revenue of Rs 50 crore from this business, which may grow to Rs 350 crore by fiscal 2026.

Additionally, Ratnamani has set up a JV with a Saudi-based company (Saudi Electric Supply Company) in April 2025, for expansion of brand presence in the region and will be setting up a stainless-steel plant by fiscal 2027 end. All the expansion in the group companies will substantially contribute to revenue and profitability over the medium term.

Existing strong market position, planned capex in the pipeline and the inorganic growth taken up will maintain a strong business risk profile going forward as well.

Healthy operating performance: Operating performance has continued to be comfortable, wherein the company has acquired the necessary approvals and developed expertise to manufacture high-end application products, allowing it to earn above-industry-average profits. The company has further planned capex of stainless-steel pipes, investment in high-margin nuclear products, which will maintain these earnings.

It also maintains strong relationships with customers by producing customised and quality products. The company has also been able to diversify its revenue base through exports over the past few years. The company is expected to maintain comfortable average Ebitda margin of 16-18% over the medium term, which would vary depending on the value-added requirement and product mix.

Robust financial risk profile: Ratnamani's financial risk profile is driven by healthy capital structure and robust debt protection metrics. Gearing was less than 0.2 time and interest coverage ratio over 20 times in the past five fiscals. The company's financial risk profile is expected to remain comfortable over the medium term as well with limited debt-funded capex planned.

Weaknesses:

Large working capital requirement: The working capital cycle may remain stretched owing to the nature of business undertaken. The company generally maintains a higher inventory due to its policy to cover raw material requirement on a back-to-back basis, based on receipt of orders. Gross current assets were 200 days as on March 31, 2025.

Susceptibility to slowdown in end-user industries: Demand for SSTP depends on end-user industries such as oil and gas, fertilisers, power and water and irrigation. Any slowdown in these segments could weaken the demand for steel pipes, thereby affecting the operating performance. However, diversified products profile and non-dependence on a single customer have kept this risk low in the past.

Liquidity: Strong

Cash accrual is projected at more than Rs 580 crore per annum in coming fiscals, against yearly debt obligation of Rs 10-40 crore. The fund-based limit of Rs 299 crore was utilised negligibly at 6% over the six months through April 2025. Cash and cash equivalents (including mutual fund) stood at around Rs 405 crore as of March 2025, providing strong liquidity buffer (encumbered cash remained at Rs 25 crore only out of the total cash and equivalents). Internal cash accrual and unutilised bank limit will be sufficient to meet incremental working capital and capex requirements over the medium term.

The ESG profile

The environment, social and governance (ESG) profile of Ratnamani supports its credit risk profile.

Steel pipe manufacturers have a high impact on the environment, driven by high power consumption done during their manufacturing process. The sector also has a significant social impact because of its large workforce across its own operations and value chain partners, and due to its nature of operations affecting the local community and health hazards involved.

Ratnamani has been focusing on mitigating its environmental and social risks.

Key ESG highlights

- To reduce its greenhouse gas emissions, the company has installed a 12-megawatt (MW) ground mounted solar plant at the Harij, Patan site (Gujarat); allocating 4MW for the Indrad plant and 8 MW for the Kutch plant (both in Gujarat) during fiscal 2024.
- The company has a zero liquid discharge mechanism in place at all three manufacturing facilities.
- The company's governance structure is characterized by 57% of its board comprising independent directors, dedicated investor grievance redressal system and extensive disclosures.

There is growing importance of ESG among investors and lenders. The commitment of Ratnamani to the ESG principle will play a key role in enhancing stakeholder confidence given access to the domestic capital market.

Outlook: Positive

Ratnamani will be able to improve its credit risk profile and maintain its leadership position in the SSTP segment and benefit from its diversified revenue.

Rating sensitivity factors**Upward factors**

- Healthy increase in revenue base driven by volume growth along with stable capital structure
- Sustained growth in revenue driven by volume growth at Ratnamani standalone, ramp-up in subsidiaries and timely completion of capex while sustaining EBIDTA at 17-18%.

Downward factors

- Subdued operating performance significantly impacting volume growth
- Debt to operating EBITDA (earnings before interest, taxes, depreciation, and amortisation) above 1.75 times
- Weakening of liquidity due to increase in working capital requirement or any large, debt-funded capex or acquisition

About the Company

Ratnamani, incorporated in 1983, manufactures a wide range of welded and seamless SSTP (installed capacity of 61,500 TPA) and carbon steel pipes (5,10,000 TPA) of LSAW, HSAW, circumferential seam submerged arc welded and ERW pipes. The company is promoted by Mr Prakash Sanghvi, who is its chairman and managing director.

Key Financial Indicators

As on/for the period ended March 31		2025	2024
Revenue	Rs crore	5,186	5,059
Profit after tax (PAT)	Rs crore	542	625
PAT margin	%	10.44	12.36
Adjusted debt/adjusted networkth	Times	0.04	0.04
Interest coverage	Times	23.60	20.99

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit*	NA	NA	NA	299.00	NA	Crisil AA/Positive

NA	Letter of credit & Bank Guarantee@	NA	NA	NA	213.00	NA	Crisil A1+
NA	Letter of credit & Bank Guarantee!	NA	NA	NA	240.00	NA	Crisil A1+
NA	Letter of credit & Bank Guarantee!	NA	NA	NA	125.00	NA	Crisil A1+
NA	Letter of credit & Bank Guarantee<	NA	NA	NA	50.00	NA	Crisil A1+
NA	Letter of credit & Bank Guarantee>	NA	NA	NA	100.00	NA	Crisil A1+
NA	Letter of credit & Bank Guarantee&&	NA	NA	NA	474.00	NA	Crisil A1+
NA	Letter of credit & Bank Guarantee!	NA	NA	NA	498.00	NA	Crisil A1+
NA	Letter of credit & Bank Guarantee%%	NA	NA	NA	201.00	NA	Crisil A1+

* - Inter-changeable with export packing credit/packing credit in foreign currency

@ - Inter-changeable with fund based /export packing credit/packing credit in foreign currency / buyer's credit/supplier's credit , bills discounting

! - Inter-changeable with buyer's credit/supplier's credit

< - Inter-changeable to fund based limits to the extent of Rs. 50 Crores

> - Inter-changeable to fund based limits to the extent of Rs. 5 Crores

&& - Inter-changeable to fund based limits to the extent of Rs. 100 Crores

%% - Inter-changeable to fund based limits to the extent of Rs. 125 Crores

Annexure – List of entities consolidated

Names of entities consolidated	Extent of consolidation	Rationale for consolidation
Ratnamani Inc	Full consolidation	Operational and financial linkages
Ravi Technoforge Ltd	80%	Operational and financial linkages
Ratnamani Finow Spooling Solutions Pvt. Ltd.	51%	Operational and financial linkages
Ratnamani Middle East Pipe Trading	100%	Operational and financial linkages
Ratnamani Trade EU AG	60%	Operational and financial linkages

Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	299.0	Crisil AA/Positive		--	15-03-24	Crisil AA/Positive	06-01-23	Crisil AA/Stable		--	Crisil AA/Stable
			--		--		--		--		--	Crisil AA/Stable

Non-Fund Based Facilities	ST	1901.0	Crisil A1+		--	15-03-24	Crisil A1+	06-01-23	Crisil A1+		--	Crisil A1+
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All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit ^{&}	10	IDBI Bank Limited	Crisil AA/Positive
Cash Credit ^{&}	26	Axis Bank Limited	Crisil AA/Positive
Cash Credit ^{&}	53	ICICI Bank Limited	Crisil AA/Positive
Cash Credit ^{&}	150	YES Bank Limited	Crisil AA/Positive
Cash Credit ^{&}	60	HDFC Bank Limited	Crisil AA/Positive
Letter of credit & Bank Guarantee [@]	213	Citibank N. A.	Crisil A1+
Letter of credit & Bank Guarantee [!]	240	HDFC Bank Limited	Crisil A1+
Letter of credit & Bank Guarantee [!]	125	IDBI Bank Limited	Crisil A1+
Letter of credit & Bank Guarantee ^{<}	50	Kotak Mahindra Bank Limited	Crisil A1+
Letter of credit & Bank Guarantee ^{>}	100	IndusInd Bank Limited	Crisil A1+
Letter of credit & Bank Guarantee ^{&&}	474	Axis Bank Limited	Crisil A1+
Letter of credit & Bank Guarantee [!]	498	ICICI Bank Limited	Crisil A1+
Letter of credit & Bank Guarantee ^{%%}	201	YES Bank Limited	Crisil A1+

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> - Inter-changeable to fund based limits to the extent of Rs. 5 Crores
&& - Inter-changeable to fund based limits to the extent of Rs. 100 Crores
%% - Inter-changeable to fund based limits to the extent of Rs. 125 Crores

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)

[Criteria for consolidation](#)[Criteria for manufacturing, trading and corporate services sector \(including approach for financial ratios\)](#)

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