



Press Release
SPINTECH TUBES PRIVATE LIMITED
May 30, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	991.00	ACUITE A+ Stable Reaffirmed	-
Bank Loan Ratings	80.00	-	ACUITE A1 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	1071.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating to ‘**ACUITE A+**’ (read as **ACUITE A plus**) and short-term rating to ‘**ACUITE A1**’ (read as **ACUITE A one**) on the Rs. 1071.00 Cr. bank facilities of Spintech Tubes Private Limited (STPL). The outlook is ‘**Stable**’.

Rationale for the rating reaffirmation

The rating of the group derives its strength from steady business risk profile of the group as reflected in its growing revenue trend in FY26 coupled with management’s long track record in the sector and healthy financial profile characterized by comfortable gearing and strong debt protection metrics. The rating also draws comfort from the strong liquidity position of the group, aided by efficient working capital management, comfortable current ratio and cushion available in the group’s working capital limits. Also, rating is partially offset by the cyclical nature of the steel industry and the vulnerability of the margins to the volatility in commodity prices.

About the Company

Spintech Tubes Private Limited (STPL) was incorporated by the Gagan group in February 2017 for setting up an integrated manufacturing unit at Jamuria, West Bengal. STPL currently has installed pellet plant (6,00,000 MTPA) and Rolling mill (26,400 MPTA) which has commenced operations in January 2024. The company is undergoing capex to install a sponge iron plant (300,000 MTPA), a SMS (Steel Melt Shops) (180,000 MTPA), a Rolling mill (1,53,600 MTPA) and captive power plant of 40MW with a total project cost of ~Rs.686 Cr. out of which ~ 83 per cent of cost has been incurred till February 2025. The expected COD of the projects is July 2025. Also, the company has planned to install 5 Tube Mill lines with 24,000 MTPA capacity with total project cost of Rs.134.96 Cr. The expected COD for this new plant is October 2025. Mr. Madan Singh, Mr. Vinay Kumar Agarwal, Mr. Raunak Kumar, Mr. Sandeep Agarwal, Mr. Maloy Kumar Chandra are directors of the company.

About the Group

The group consists of 3 more entities namely Gagan Ferrotech Limited (GFL), Gajanan Iron Private Limited (GIPL) and Shakambhari Overseas Trades Private Limited (SOTPL).

GFL is the flagship entity of the Gagan Group. GFL is promoted by Mr. Vinay Kumar Agarwal and family. The company was initially engaged in trading of coal. Since 2006, it ventured into the manufacturing of sponge iron and

thereafter through forward integration had set up its billets and rolling mill units. GFL is currently engaged in the manufacturing of sponge iron, billets and TMT bars. The manufacturing unit is located at Jamuria. Currently, Gagan Ferrotech Ltd. has integrated steel manufacturing facilities for sponge iron (capacity- 2,64,000 MTPA), Billet (capacity – 3,53,400 MTPA), TMT bars and wires (capacity – 3,36,000 MTPA). In addition, the company also has a captive power plant of 20 MW. The company has undertaken a capex to install Waste Heat Recovery Boiler (WHRB) of 16 MW with the total cost of Rs. 35.00 Cr. fully funded by promoter's contribution and the expected COD for the same in June 2025.

GIPL was incorporated in 2005, Kolkata, West Bengal based and is engaged in the business of manufacturing MS

Angles (96,000 MTPA) and M.S billets (1,38,500 MTPA). Mr. Niranjana Gourisaria, Mr. Kailash Kumar Megotia, Mr. Vinay Kumar Agarwal are directors of the entity.

SOTPL was incorporated in 1996, Kolkata, West Bengal based and is engaged in manufacturing of cast iron (24,820 MTPA). Mr. Umang Agarwal, Mr. Vinay Kumar Agarwal, Mr. Suman Agarwal are directors of the entity.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Gagan Ferrotech Limited (GFL), Gajanan Iron Private Limited (GIPL), Shakambhari Overseas Trades Private Limited (SOTPL) and Spintech Tubes Private Limited (STPL) together referred to as the 'Gagan Group' (GG). The consolidation is in the view of common promoters and management, intercompany holdings, operational linkages between the entities and a similar line of business.

Key Rating Drivers

Strengths

Long track record and integrated operations

Promoters are associated with the steel industry for over two decades and have established forward as well as backward integrated operations. Group has a diversified product mix which includes pellets, sponge iron, billets, TMT bars and cast iron. Acuité believes that the long operational track record of Gagan group and promoters' extensive understanding and expertise will support the group's growth plans going forward. Moreover, the group has a locational advantage as the plants are located in the industrial area of Durgapur, West Bengal, which is in close proximity to various steel plants and sources of raw materials. Further the plants are well connected through road and rail transport which facilitates easy transportation of raw materials and finished goods.

Steady scale of operations albeit improving profitability margins

Gagan Group's revenue stood at Rs. 1980.97 Cr. in FY24 as against Rs. 2173.20 Cr. in FY23 the marginal decline was on account of reduced sales realization for steel products. However, the group reported improvement in scale of operations marked by revenue of Rs. 1831.37 Cr. in 9MFY25 due to buoyant demand, increased contribution from the recently enhanced capacities and better product diversity. Further, the profitability of the group improved in FY24 as reflected in the EBITDA margins which stood at 8.05 per cent in FY24 as against 5.47 per cent in FY23 due to decline in raw material cost (coking and thermal coal, refractories and ferroalloys), also the group has reported EBITDA margin of 9.88 percent in 9MFY25. The PAT margins also increased and stood at 3.74 per cent in FY24 as compared to 2.37 per cent in FY23. Upon completing the ongoing capex, primarily in STPL, by the second quarter of FY26, the group will transition into a fully integrated steel plant. With the addition of power plants, power costs is expected to decline, while the scale of operations and operating margins will improve significantly. A substantial growth is expected in FY26 due to the full impact of the completed capital expenditure.

Healthy Financial Risk Profile

The financial risk profile of the group remained healthy marked by healthy net worth, low gearing and comfortable debt protection metrics. The tangible net worth of the group increased stood Rs. 1211.67 Cr. in FY24 as against Rs. 974.81 Cr. in FY23 due to increase in equity and accretion of profits to reserves. Acuite has considered unsecured loans to the tune of Rs. 112.20 Cr. as on March 31, 2024 as part of net worth as these loans are subordinated to bank debt. The gearing ratio of the group stood at 0.54 times in FY24 as compared to 0.35 times in FY23. The debt outstanding of the group in FY24 comprises of long-term debt of Rs. 359.07 Cr., Rs. 6.50 Cr. of non-interest-bearing unsecured loans and Rs. 291.41 Cr. of short-term debt. The TOL/TNW stood at 0.75 times in FY24 as against 0.56 times in FY23. The debt protection metrics remained healthy with debt service coverage ratio of 4.14 times and interest service coverage ratio stood at 5.83 times in FY24. Acuite believes, notwithstanding the benefits accrued from the capacity additions, the debt funded capex plan likely to moderate the financial risk profile to an extent however expected to remain comfortable over to medium to long term.

Efficient working capital operations

The GCA days of the group have moderated albeit efficient in nature marked by 161 days in FY24 as against 112 days in FY23. GCA days have increased in FY24 majorly on the account of increased in other current assets. The inventory days of the group increased to 87 days in FY24 as against 54 days in FY23. Generally, the group maintains 2-2.5 months of inventory of iron ore and coal to mitigate the price volatility for which significant

advances are paid to the suppliers. The Creditor days of the group stood at 12 days in FY24 as against 6 days in FY23. The company receives 25-30 days credit period from the suppliers. The average bank limit utilisation of the group stood at 56.78 per cent for fund-based facilities and 72.14 per cent for non-fund facilities for six months ended February 2024. Acuité believes that the working capital operations of the group will remain efficient over the medium term.

Weaknesses

Vulnerability of the margins to the volatility in commodity prices in a cyclical nature of the industry

The group's performance remains vulnerable to cyclical nature in the steel sector as demand for steel depends on performance of end user segments such as construction and real estate. Indian steel sector is highly competitive due to presence of large number of players. The operating margin of the group is exposed to fluctuations in the prices of raw materials (coal and iron ore) as well as realization from finished goods.

ESG Factors Relevant for Rating

The group is committed to pursuing innovative technologies that drive sustainable and comprehensive development for all, including both its members and surrounding communities. The company actively engages in environmental stewardship through responsible resource utilization and initiatives aimed at reducing waste and greenhouse gas emissions. Through proactive corporate social responsibility programs in education, healthcare, and community welfare, the Group further reinforces its reputation as a responsible corporate citizen. Some of the CSR initiatives includes plantation programme, health and eye check up programmes, clothes distribution programme etc.

Rating Sensitivities

- Sustain growth in revenues and profitability margins
- Elongation of working capital cycle
- Timely completion and commercialisation of the ongoing capex
- Changes in Financial risk profile owing to higher-than expected debt funded capex

Liquidity Position

Strong

The liquidity position of the group remained strong on account of adequate net cash accruals against its repayment obligations. The net cash accruals of the company stood at Rs. 118.87 Cr. in FY24 as against Rs. 6.68 Cr. of repayment obligations in FY24. Furthermore, the average bank limit utilisation by the group stood at 56.78 per cent for fund-based facilities and 72.14 per cent for non-fund facilities for six months ended February 2024. Also, the company maintains a cash and cash equivalents of Rs. 170 Cr. in FY24. Acuité believes that going forward the group will continue to maintain strong liquidity position owing to steady accruals and capacity expansion.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1980.97	2173.20
PAT	Rs. Cr.	74.10	51.51
PAT Margin	(%)	3.74	2.37
Total Debt/Tangible Net Worth	Times	0.54	0.35
PBDIT/Interest	Times	5.83	6.83

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Apr 2025	Term Loan	Long Term	42.00	ACUITE A+ Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE A+ Stable (Assigned)
	Term Loan	Long Term	70.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	70.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	50.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	20.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	45.00	ACUITE A+ Stable (Assigned)
	Cash Credit	Long Term	60.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	75.00	ACUITE A+ Stable (Assigned)
	Term Loan	Long Term	165.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	70.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	14.00	ACUITE A+ Stable (Assigned)
	Term Loan	Long Term	150.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	35.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	30.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	20.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	2.50	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	7.50	ACUITE A+ Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE A+ Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	25.00	ACUITE A+ Stable (Assigned)
	Letter of Credit	Short Term	15.00	ACUITE A1 (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A1 (Assigned)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A1 (Assigned)
	Letter of Credit	Short Term	12.50	ACUITE A1 (Upgraded from ACUITE A2+)
	Letter of Credit	Short Term	12.50	ACUITE A1 (Assigned)
	Letter of Credit	Short Term	12.50	ACUITE A2+ (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.50	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	165.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE BBB+ Stable (Reaffirmed)

30 Mar 2024	Term Loan	Long Term	150.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	50.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	35.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	30.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	60.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BBB+ Stable (Assigned)
01 Feb 2024	Cash Credit	Long Term	20.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	165.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	150.00	ACUITE BBB+ Stable (Reaffirmed)
04 Nov 2022	Term Loan	Long Term	70.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	165.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	150.00	ACUITE BBB+ Stable (Reaffirmed)
07 Jan 2022	Proposed Long Term Bank Facility	Long Term	15.00	ACUITE BBB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	440.00	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A1 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	135.00	Simple	ACUITE A+ Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A+ Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A+ Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	34.00	Simple	ACUITE A+ Stable Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A1 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A1 Reaffirmed
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A1 Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2034	10.00	Simple	ACUITE A+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2031	165.00	Simple	ACUITE A+ Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2032	70.00	Simple	ACUITE A+ Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2032	150.00	Simple	ACUITE A+ Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2027	70.00	Simple	ACUITE A+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	70.00	Simple	ACUITE A+ Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	50.00	Simple	ACUITE A+ Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	35.00	Simple	ACUITE A+ Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	30.00	Simple	ACUITE A+ Stable Reaffirmed
Punjab National	Not avl. /	Term Loan	Not avl. /	Not avl. /	31 Mar	45.00	Simple	ACUITE A+ Stable

Bank	Not appl.		Not appl.	Not appl.	2034			Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2034	42.00	Simple	ACUITE A+ Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	Gagan Ferrotech Limited. (Flagship Company)
2	Gajanan Iron Private Limited (Group Company)
3	Shakambhari Overseas Trades Private Limited(Group Company)
4	Spintech Tubes Private Limited (Group Company)

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About Acuité Ratings & Research

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