

Shree Ram Seamless Private Limited

September 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	27.85 (Reduced from 30.00)	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Shree Ram Seamless Private Limited is constrained by moderate operational performance post delayed commencement of the plant, leveraged capital structure, profitability susceptible to volatility in raw material prices, cyclicality associated with the steel industry, profitability being impacted from volatility in raw material prices, presence in a highly fragmented industry and working capital intensive nature of operations. However, the rating derives strength from long experience of promoters in supplying liquid steel metallurgy equipment and mineral wool insulation manufacturing business and strategic location of the plant.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Rampup in scale of operation beyond Rs. 55 crores with PBILDT margin maintained around 10%.
- Improvement in capital structure with overall gearing below 2x levels and total debt to PBILDT below 10x level on a sustained basis.

Negative factors

- Inability of the company to achieve total operating income of Rs 50 crore and operating profitability of 10% in FY26.
- Delay in timely infusion of fund support from promoters as and when required

Analytical approach: Standalone

Outlook: Stable

The Outlook is expected to be stable in view of expected rampup in operations given experience of promoters in dealing with boiler manufacturers to whom seamless pipe are sold.

Detailed description of key rating drivers:

Key weaknesses

Profitability susceptible to volatility in raw material prices: The major raw material [i.e., Billets] forms the largest component of total cost of sales. Since the company has no backward integration for its raw material (billet) requirement and also in absence of any long-term agreement with the suppliers, the company will procure raw materials directly from the domestic market and the prices of the same are volatile in nature. Hence, the company's profitability is susceptible to fluctuation in raw material prices.

Moderate operational performance post late commencement of the plant: There was delay in commencement of operations of the plant which became operational from Jan 2025 instead of earlier schedule of August 2024 due to delay in receipt of machinery. However, the cost incurred was Rs.32.02 crore which was lower than earlier considered cost of Rs.34.12 crore. The operational performance of SRSPL was modest with TOI of Rs.5.16 crore in FY25 due to delay in COD to Jan 2025. PBILDT margin remained modest at 5.54% due to lower spread of fixed overhead amid lower capacity utilization of around 18%. However, the scale of operations have started growing with ramp up in capacity utilization. In 4MFY26, the company's TOI stood at Rs.12.33 crore. Going ahead, the company plans to ramp up monthly sales to Rs.5 crore leading to improvement in operating margins.

Leveraged capital structure amid demonstrated fund support from promoters: The capital structure of the company has moderated with overall gearing moderating from 2.34x as on March 31, 2024 to 3.23x as on March 31, 2025 due to drawdown of debt and infusion of unsecured loans to fund losses. The promoters have further infused Rs.4 crore worth of preference shares in the current financial year to fund repayment and losses.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Working capital intensive nature of operation: The operation of firm is working capital intensive in view of adequate inventory to be kept and credit period to be given to customers to gain market share. This leads to higher working capital requirement. The working capital requirement of the entity is mainly financed through its CC facility of Rs. 10 crores.

Cyclicality associated with Iron & Steel industry: Steel is a cyclical industry, strongly correlated to economic cycles since its key users i.e., construction, infrastructure and capital goods are heavily dependent on the state of the economy. Fall in demand in any of these sectors directly impacts the demand of steel products. The steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market. SMISPL's products being steel related, it is subjected to the risks associated with the industry like cyclicality and price volatility.

Presence in a highly competitive and fragmented Industry: The spectrum of the steel industry in which the company operates is highly fragmented and competitive marked by the presence of numerous players in India owing to relatively low entry barriers. Hence, the players in the industry do not have pricing power and are exposed to competition induced pressures on profitability.

Key strengths

Long experience of promoters in supplying liquid steel metallurgy equipment and mineral wool insulation manufacturing business: The promoters had set up Shree Ram Industries since 1992 which was engaged in manufacturing of liquid steel metallurgy equipment in JV with Heraeus group. The equipment was supplied mainly to boiler manufacturers. The promoters sold their stake in JV to Heraeus group in 2019. Apart from that, the promoters have experience in manufacturing of mineral wool insulation utilized in thermal insulation for boilers, pipeline ducts and conveyor belt manufacturing through Shree Ram Equitech Pvt Ltd (SREPL) since 2000. Therefore, the promoters have long association with boiler manufacturers who would be the consumer of seamless pipe apart from heat exchanger tube manufacturers, small auto OEMs, etc.

Strategic location of plant: SRSPL has established a plant in Rajnandgaon, Chhattisgarh, strategically located near sources of raw material. This proximity allows the company to procure raw materials from vendors at minimal transportation costs and deliver products to customers quickly. The region hosts several companies producing billets, the primary raw material for seamless pipe manufacturing, ensuring a steady and reliable supply. Additionally, being close to steel manufacturers enables SRSPL to efficiently supply seamless pipes to boiler manufacturers.

Liquidity: Stretched

Liquidity position of the company is stretched due to first year of operations of the plant and ramp up of operations has not yet fully happened. In FY26, the company's debt repayment obligation stands at Rs.2.40 crore and is expected to be met out of infusion of convertible preference share capital by promoters and cash accruals. In current FY, the promoters have already infused Rs.4 crore worth of preference share capital. Average utilization of fund based CC limit of Rs.10 crore stood at 43% for last 6 month ended Jun 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Incorporated in October 2022, Shree Ram Seamless Private Limited (SRSPL) is based in Durg, Chhattisgarh. The company has set up a manufacturing unit of Seamless pipe with a capacity of 15000 MTPA in Jan end 2025 at project cost of around Rs. 32.02 crore funded through a debt of Rs. 18.45 crore and remaining through equity shares/preference shares/unsecured loan. The

promoters include Mr. Bharat Lakhotia & Mrs. Rashmi Lakhotia. The promoters had set up Shree Ram Industries since 1992 which was engaged in manufacturing of liquid steel metallurgy equipment in JV with Heraeus group. The equipment was supplied mainly to boiler manufacturers. The promoters sold their stake in JV to Heraeus group in 2019. Apart from that, the promoters have experience in manufacturing of mineral wool insulation utilized in thermal insulation for boilers, pipeline ducts and conveyor belt manufacturing through Shree Ram Equitech Pvt Ltd (SREPL) since 2000.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)	4MFY26 (P)
Total operating income	0.07	5.16	12.33
PBILDT	-0.19	0.29	-
PAT	-0.23	-1.72	-
Overall gearing (times)	2.35	3.99	-
Interest coverage (times)	-11.79	0.23	-

A: Audited UA: Unaudited; P: Provisional Note: these are latest available financial results

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	December 2031	17.85	CARE BB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	17.85	CARE BB-; Stable	-	1)CARE BB-; Stable (04-Jul-24)	-	-
2	Fund-based - LT-Cash Credit	LT	10.00	CARE BB-; Stable	-	1)CARE BB-; Stable (04-Jul-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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