

## SRJ Strips And Pipes Private Limited

November 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	202.08	CARE BBB+; Stable	Assigned
Long-term / Short-term bank facilities	92.92	CARE BBB+; Stable / CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to bank facilities of SRJ Strips And Pipes Private Limited (SRJ Strips) derives strength from the established presence of SRJ group in steel industry via its flagship entity SRJ Peety Steels Private Limited (SRJ Peety). While arriving at ratings, CARE Ratings Limited (CareEdge Ratings), has combined financials of SRJ Strips and SRJ Peety, referred to as SRJ Group.

Ratings factor in the group's large scale of operations, its consistent revenue growth majorly driven by a consistent increase in sales volume and moderate operating margin. Ratings also factor in the group's long track record of operations, its integrated business operations and long-standing client relationships. Though low sales realisations amidst high operating costs impacted the group's operating margin in the last two years, which is expected to improve in the near-to-medium term with addition of new products. The group has vertically integrated by manufacturing MS Pipes under SRJ Strips, with FY25 being its first year of commercial operations in a phase-wise manner. The full availability of these capacities under SRJ Strips from FY26 onwards, is expected to support scale and operating margin of the group in the near-to-medium term.

The rating also derives comfort from its comfortable capital structure. With scheduled repayment of existing loan and few prepayments of term loan, CareEdge Ratings expect debt metrics to improve in the near-to-medium term. The group's liquidity is adequate as reflected by its comfortable working capital cycle, healthy gross cash accruals (GCA) and cash inflow in the form of subsidy.

These strengths of the company are offset by a limited product diversification as major revenue contribution is from a single product, TMT bars. The group is susceptible to raw material price volatility and is exposed to a highly competitive steel market.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Substantial Improvement in total operating income (TOI) and operating margin on a sustained basis.
- Improvement in total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) below 2.5x on a sustained basis.

#### Negative factors

- Significant decline in scale of operations with delay ramp-up of operations resulting in TOI below ₹2500 crore.
- Deterioration in PBILDT interest cover below 2.5x on a sustained basis.
- Significant debt-funded capex for expansion or new projects, leading to deterioration in the capital structure.

### Analytical approach: Combined

To arrive at ratings of SRJ Strips, CareEdge Ratings has combined financials of SRJ Strips and SRJ Peety given commonality in management, strong operational and financial linkages, as listed in Annexure-6. SRJ Peety has extended corporate guarantee to SRJ Strips and support in the form of unsecured loan.

### Outlook: Stable

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

The stable outlook reflects CareEdge's expectations that extensive experience of promoters and the group's long track record of operations shall continue to benefit the company in maintaining long-standing relationship with counterparties and securing repetitive orders.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Extensive experience of promoters and long track record of operations**

SRJ group is managed by Peety family, who have extensive experience of over four decades in the steel industry. The rich experience of promoters and the group's long track record of operation has benefitted the company in establishing and maintaining strong and long-standing relationship with customers. Promoters are resourceful, and hence, the group benefits from it in the form support via unsecured loan.

##### **Large scale of operations; sustainable growth**

SRJ group is into manufacturing and selling MS billets, TMT bars and MS pipes via its flagship company SRJ Peety and its newly established company, SRJ Strips. MS Pipes are manufactured only in SRJ Strips. The group's large scale of operations is reflected by its TOI at ₹3034.43 crore in FY25 (FY24: ₹2274.83 crore), which is majorly contributed by SRJ Peety. SRJ Strips is at nascent stage of operations, with commencement of commercial production from March 29, 2024, in a phasewise manner; yet the company was able to book revenue of ₹527.31 crore in FY25. The group has been reporting consistent growth in its TOI in the last four years, majorly owing to improved volume growth. In FY25, with increase in volume of existing product and its commencement of new product sale (MS Pipes), the group was able to book over 30% revenue growth.

Growing infrastructure, automotive industry and increasing industrialisation is expected to drive the demand for SRJ's product in the medium term. This is reflected from the groups' performance, where SRJ Strips has booked revenue of ₹419.56 crore and SRJ Peety booked ₹1123 crore in H1FY26, while operating at optimum capacity. The group's operating margin has been in the range of 3.5-8.5% from FY21-FY25. The group's margin was low in FY25 at 3.48% due to low sales realisation and increase in operating expense (mainly power cost). However, with addition of new product segment, MS pipes, which is a high margin product, the group is expected to benefit in terms of operating margin in the near-to-medium term.

##### **Comfortable debt metrics**

The group's overall gearing is comfortable below unity at 0.70x as on March 31, 2025 (As on March 31, 2024: 0.47x). With scheduled repayment of the loan in SRJ Strips, prepayment of term loan in SRJ Peety and SRJ Strips and no debt led capex plans, which is expected to improve in the near- to-medium term. Improvement in accruals is expected to strengthen the group's net worth. Growth in GCA was restricted in FY25, given the net loss booked by SRJ Strips; however, in H1FY26, the company has booked profit of ~₹10.00 crores. The interest coverage FY25 stood at 3.03x (FY24: 8.00x); however, with expected improvement in operating margin in SRJ Strips, same is expected to improve in near to medium term.

##### **Comfortable working capital cycle**

The company's net working capital cycle has been in the range of 50-70 days given its comfortable inventory and receivable days of ~30 days. The net working capital cycle in FY25 stood at 58 days (FY24: 66 days). The group's clientele includes companies from real estate industry, infrastructure, automotive, consumer goods, renewable, traders, among others. With its long track record of operations, the company benefits from repetitive orders as well. Given the comfortable working capital cycle, utilisation of working capital limits is below 50%.

#### **Key weaknesses**

##### **Low product diversification**

Though the company is into manufacturing multiple products, revenue contribution is majorly from TMT bars at above 90%. However, with addition of MS pipes in the product portfolio, this ratio is expected to improve gradually.

##### **Susceptible to raw material price volatility, competition and slowdown in end user industries:**

The group's operating margin is exposed to volatility in price of key raw material such as MS scrap and sponge iron. The intense competition in the market and sharp movement in these commodities can impact the group's margin. Given that major revenue contribution is from TMT bar segment, saleability of the product depends on activity levels at the end-user segment. Slowdown in construction and infrastructure sector (either driven by policy, and budgetary constraints, among others) can impact the company's profitability.

### Liquidity: Adequate

The group's liquidity is adequate with expected healthy gross cash accruals above ₹100.00 crore in FY26 and FY27 and cash inflow in the form of subsidy. This subsidy flow is presently in SRJ Peety, where the company has been consistently receiving capital subsidy under Industrial Promotion Subsidy Scheme since FY15, against the total investment of ₹545 crore invested till March 31, 2025. The total subsidy received till March 31, 2025, stood at ₹278 crore. In H1FY26, SRJ Peety has received subsidy of ₹44.00 crore. Against these sources, principal repayment obligation of SRJ Strips is low, at ~₹42 crore in FY26 and ~₹47 crore in FY27. Term loan in SRJ Peety has been fully prepaid in H1FY26, and hence, there is no term loan obligation. With the cashflow of subsidy in SRJ Peety, the group has prepaid ~₹26 crore of term loan in SRJ Strips as well. Average utilisation of working capital limit is ~46% for 12 months ended August 31, 2025, providing sufficient headroom in case of working capital requirement to support growth.

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals and mining	Ferrous metals	Iron and steel

SRJ Strips was incorporated in December 2021 and started its operations in 2024. The company is engaged in manufacturing MS billets, TMT bars, Strips and MS pipes with an installed capacity of 2,00,000 MTPA of billets and TMT bars and 60,000 MTPA of MS Pipes, respectively as on March 31, 2025.

SRJ Peety was incorporated in February 1985. The company is engaged in manufacturing steel products such as MS billets and TMT bars with an installed capacity of 5,00,000 MTPA each as on March 31, 2025. The manufacturing units of both entities are in Jalna, Maharashtra.

Brief Financials (₹ crore) (Combined)	March 31, 2024 (UA)	March 31, 2025 (UA)	H1FY26 (UA)
Total operating income	2274.83	3034.43	1542.56
PBILDT	121.53	105.60	90.76
PAT	71.50	35.30	NA
Overall gearing (times)	0.47	0.70	NA
Interest coverage (times)	8.00	3.03	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Brief Financials (₹ crore) (Standalone)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	0.07	527.31	419.56
PBILDT	-0.24	6.36	44.89
PAT	-0.70	-24.01	NA
Overall gearing (times)	0.89	2.92	NA
Interest coverage (times)	-2.05	0.30	NA

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**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-Term Loan		-	-	July 2031	202.08	CARE BBB+; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	92.92	CARE BBB+; Stable / CARE A2

#### 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	202.08	CARE BBB+; Stable				
2	Fund-based - LT/ ST-Cash Credit	LT/ST	92.92	CARE BBB+; Stable / CARE A2				

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

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

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

**Annexure-5: Lender details**

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

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	SRJ Peety Steels Private Limited	Full	Operational and financial linkage

**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](mailto:care@careedge.in) for clarifications.

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