



**Press Release**  
**SRMB Srijan Private Limited**  
**December 27, 2024**  
**Rating Reaffirmed and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	166.50	ACUITE AA-   Stable   Upgraded	-
Bank Loan Ratings	130.00	-	ACUITE A1+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	296.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to ‘**ACUITE AA-**’ (read as **ACUITE double A minus**) from ‘**ACUITE A+**’ (read as **ACUITE A plus**) and a reaffirmed in its short-term rating to ‘**ACUITE A1+**’ (read as **ACUITE A one plus**) for Rs. 296.50 Cr. of SRMB Srijan Private Limited (SSPL). The outlook remains ‘**Stable**’.

**Rating rationale for upgrade**

The rating reflects the performance of SSPL that is marked by continuous improvement in operating income while maintaining profitability margins at healthy level. The company had registered a healthy revenue of around Rs. 2529.52 Cr. in FY2024 as against Rs. 2586.72 Cr. in FY2023. Further, SSPL achieved revenues of Rs. 1174.29 Cr. till September 2024 and is expected to achieve better sales in second half of the year with the augmentation of ‘SRMB Real Fabrica’ product which is expected to generate better realisations. The company was able to sustain profitability in FY24 despite the correction in prices of TMT due to brand recall and slightly premium pricing of TMT and continues to do so in current fiscal year. The company has capex investments which are targeted towards backward integration into Direct Reduced Iron (DRI) and Waste Heat Recovery Boiler (WHRB). The rating also draws comfort from the management’s long standing experience, improved financial risk profile characterized by comfortable capital structure because of prepayment of term loan, strong debt protection metrics and aided by efficient working capital management and cushion available in the company’s working capital limits. The Company’s liquidity has improved backed by healthy and improved accruals, unencumbered fixed deposits and high current ratio. However, these strengths are partially offset by the cyclical nature of steel industry and the vulnerability of margins to the fluctuations in commodity prices.

**About the Company**

Incorporated in 2001, Kolkata based SRMB Srijan Private Limited (SSPL) is engaged in manufacturing of billets and TMT bars. SSPL is headed by Mr. Brij Mohan Beriwal, Mr. Nikunj Beriwal and Mr. Ashish Beriwal. The company’s manufacturing unit is located at Durgapur, West Bengal and has an installed capacity of 780000 MTPA for Billet and 500000 MTPA for TMT bars. The company sells TMT under the brand name ‘SRMB’ and sells steel for window section under brand name ‘SRMB Real edge’. The brand ambassadors for ‘SRMB’ are ex world cup winning captains of Indian cricket team Mr. M S Dhoni and Mr. Kapil Dev and popular actor Mr. Pankaj Tripathi. The brand ambassador for SRMB REALEDGE is renowned Bollywood actress Madhuri Dixit. SSPL is also an associate sponsor of ATK Mohun Bagan FC, which participates in Indian Super League. Directors of SRMB Srijan Private Limited are Mr. Nikunj Beriwal, Mr. Brij Mohan Beriwal and Mr. Ashish Beriwal.

**Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuité has taken a standalone view of the business and financial risk profile of SSPL to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Long track record of operations and strong brand recall

SSPL is promoted by Mr. Brij Mohan Beriwal and family who possess more than five decades of experience in the steel industry. Mr. Beriwal started trading in steel product in 1970 and thereafter established Steel Rolling Mills of Bengal (SRMB) at Paharang in 1990. SSPL incorporated in 2001, has been able to establish itself as a leading player in TMT segment in Eastern India. The company has an extensive distribution channel which includes 70 distributors (PY 60) and 2200 dealers (PY 2000) across 11 states in India such as West Bengal, Jharkhand, Assam etc. Presently Mr. Brij Mohan manages the day to day operations of the company and is assisted by his sons Mr. Ashish & Nikunj Beriwal. SSPL sells TMT bars under its brand name 'SRMB' which has a strong brand recall especially in West Bengal.

#### Steady and healthy scale of operations

SSPL had registered a healthy revenue of around Rs. 2529.52 Cr. in FY2024 as against Rs. 2586.72 Cr. in FY2023. A marginal decline in topline is mainly due to correction of average realization of TMT Bars as well as stagnancy in volume sold. The company prioritizes brand recall and premium pricing, which has led to maintaining higher price points even at the time of market fluctuations. This strategy helps to safeguard profitability. The company has achieved revenues of Rs. 1174.29 Cr. (Prov.) till September 2024. SSPL has expanded its product portfolio by introducing hollow pipes under the brand name "SRMB Real Fabrica". This will drive revenue growth and cater to a broader customer base. The operating margin of the company stood at 5.45 per cent in FY2024 as compared to 5.19 per cent in FY2023. The Company has been able to sustain its profitability despite correctional pricing of steel in the market due to brand recall and slightly premium pricing of the product. The PAT margins stood at 2.83 per cent in FY2024 as against 2.55 per cent as on FY2023. The EBITDA margin and PAT margin stood at 6.25 percent and 4.12 percent respectively till September 2024. The ROCE levels stood at a comfortable level of about 22.63 per cent in FY2024 as against 22.84 per cent in FY2023. Acuite expects that the scale of operations will improve with augmentation of new product line and since in the second half of the year, the Company expects to perform better on topline for year end. Also, the capex plans of 2 new furnaces of billets in existing plant at Durgapur and backward integration plant set up in Asansol, and its timely execution, will further augment the operating performance of the company. The expected topline and profitability margin of the company will remain a key monitorable over the medium term.

#### Efficient Working capital operations

The working capital management of the company continues to remain efficient marked by Gross Current Assets (GCA) of 50 days as on 31st March 2024 as compared to 61 days as on 31st March 2023, The efficient level of GCA days is primarily on account of low inventory levels towards year end due to push sell mechanism adopted by company for retail sales through their dealer and distributor network. The inventory holding stood at 10 days in as on Mar 31, 2024, as compared to 21 days as on Mar 31, 2023. Further, the debtor period also stood comfortable at 34 days as on Mar 31, 2024, as compared to 36 days as on Mar 31, 2023. Against this the Company enjoys a credit of about 10-12 days from its suppliers. Acuite believes the working capital cycle will remain on similar levels over the medium term.

#### Robust financial risk profile

The financial risk profile of the company is marked by strong net worth, comfortable gearing and strong debt protection metrics. The net worth of the company stood at Rs.490.08 Cr. as on March 31, 2024, as compared to Rs.418.33 Cr. as on March 31, 2023, due to accretion to reserves. The gearing of the company stood at 0.02 times in FY2024 as compared to 0.20 times as on March 31, 2023. This has largely been because the Company has prepaid a part of their term loan of Rs.32 Cr. from HDFC Bank through internal accruals in June 2023, also it plans to prepay its balance loan of ~Rs. 7 Cr. from SBI by FY2025. It has also reduced its dependence on short-term borrowings since the company is generating sufficient accruals to fund its working capital requirement. The strong debt protection metrics of the company are marked by Interest coverage ratio (ICR) at 9.26 times in FY2024 as against 5.77 times in FY2023 and debt service coverage ratio (DSCR) at 3.47 times in FY2024 as against 2.72 times in FY2023. Acuite believes that the Company's financial risk profile will remain robust due to strong capitals structure and debt protection metrics despite capex plans.

### Weaknesses

#### Intense competition and inherent cyclicality in the steel industry

The company is operating in competitive and fragmented nature of industry due to the presence of a large number of unorganized players on account of low entry barriers. Moreover, demand for steel products predominantly depends on the construction and infrastructure sectors. Thus, the profit margins and sales of the company remains exposed to inherent cyclicality in these sectors.

### Rating Sensitivities

- Improvement in revenue growth along with improvement in profitability margins
- Sustenance in capital structure

- Timely completion of capex plans
- Working capital cycle

### **Liquidity Position**

#### **Strong**

The company has strong liquidity reflected from growing and healthy net cash accrual of Rs. 90.94 Cr. during FY2024 as against repayment obligation of Rs.15.55 Cr. However, the Company has prepaid its term loans with HDFC Bank in June 2023 and also expects to prepay its term loan with SBI of ~Rs.7 Cr by Q4FY25. In addition, average utilization of working capital limits at 10.41 per cent for fund based and 62.78% for non- fund based (consolidated) ended September 2024. Further, the working capital requirement of the company stood efficient as reflected from GCA days of 50 days as on 31st March 2024. The security deposits received from the dealer/ distributors provide ample liquidity to the Company. As on March 31, 2024, the free FDs with bank were about Rs.80 Cr. and as on Sep 24, this amount was ~Rs. 25 Cr. So, dependence on external borrowings is reduced to that extent and the impact on interest cost is also not there. The current ratio stood comfortable at 3.27 times as on 31st March 2024 as against 2.48 times as on 31st March 2023. Despite the capex plans, Acuite believes the liquidity position of the company will remain strong, backed by healthy accruals, efficient working capital management, and a high current ratio over the medium term.

#### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	2529.52	2586.72
PAT	Rs. Cr.	71.47	66.03
PAT Margin	(%)	2.83	2.55
Total Debt/Tangible Net Worth	Times	0.02	0.20
PBDIT/Interest	Times	9.26	5.77

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Jun 2024	Cash Credit	Long Term	55.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	9.11	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE A+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	18.39	ACUITE A+   Stable (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	10.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	60.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A1+ (Reaffirmed)
27 Mar 2023	Cash Credit	Long Term	55.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	34.37	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	12.73	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE A+   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.40	ACUITE A+   Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	10.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	56.90	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.10	ACUITE A1+ (Assigned)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A1+ (Reaffirmed)
07 Jan 2022	Cash Credit	Long Term	15.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	35.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	37.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	38.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE A+   Stable (Assigned)
	Term Loan	Long Term	15.00	ACUITE A+   Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	10.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	29.00	ACUITE A1+ (Reaffirmed)
27 Dec 2021	Cash Credit	Long Term	4.00	ACUITE A+   Stable (Assigned)
	Cash Credit	Long Term	38.00	ACUITE A+   Stable (Assigned)
	Cash Credit	Long Term	37.00	ACUITE A+   Stable (Assigned)
	Term Loan	Long Term	35.00	ACUITE A+   Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE A+   Stable (Assigned)
	Cash Credit	Long Term	25.00	ACUITE A+   Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE A+   Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	29.00	ACUITE A1+ (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	10.00	ACUITE A1+ (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.	60.00	Simple	ACUITE A1+   Reaffirmed
State Bank of India	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
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A1+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A1+   Reaffirmed
South Indian Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A1+   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE AA-   Stable   Upgraded ( from ACUITE A+ )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.00	Simple	ACUITE AA-   Stable   Upgraded ( from ACUITE A+ )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE AA-   Stable   Upgraded ( from ACUITE A+ )
South Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE AA-   Stable   Upgraded ( from ACUITE A+ )
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE AA-   Stable   Upgraded ( from ACUITE A+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.66	Simple	ACUITE AA-   Stable   Upgraded ( from ACUITE A+ )
State Bank of India	Not avl. / Not appl.	Term Loan	30 May 2021	Not avl. / Not appl.	30 Mar 2029	7.84	Simple	ACUITE AA-   Stable   Upgraded ( from ACUITE A+ )



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### About Acuité Ratings & Research

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