Press Release

JTL Industries Limited
April 24, 2025

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term bank Facilities	111.00	IVR A/RWDI (IVR Single A; Rating watch with developing implications)	IVR A/ Positive (IVR Single A with Positive Outlook)	Rating placed on watch with developing implications	**Simple**
Short Term bank Facilities	48.00	IVR A1/RWDI (IVR A One; Rating watch with developing implications)	IVR A1 (IVR A One)	Rating placed on watch with developing implications	**Simple**
Total	**159.00**	**Rupees One Hundred and Fifty-Nine Crore**			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has placed the ratings under 'Rating Watch with Developing Implication (RWDI)' for the bank loan facilities of JTL Industries Limited (JTLIL)

The rating has been placed under RWDI, on account of search operation conducted by Enforcement Directorate (ED) on 16th April 2025 at the JTLIL's premises. The status on the same is unclear; rating watch will be resolved & appropriate rating action will be taken once there is further clarity on the findings of search operations. IVR will continue to monitor the developments in this regard.

The ratings of JTLIL continue to take into consideration the long track record of operations & experienced promoters having experience of more than 2 decades. The ratings continue to take comfort from the healthy scale of operations, comfortable financial risk profile led by healthy net worth base and low debt resulting in robust debt protections metrics. Further the operating cycle remains comfortable with low customer and supplier concentration risk. However, these rating strengths are partially offset by project execution risk to the tune of ~Rs 1310 crores over a period of 2-3 years. The ratings remain constrained by competitive, fragmented and cyclic nature of industry and susceptibility of operating margins to any adverse movement in the raw materials.

IVR has principally relied on the standalone audited financials of JTLIL's up to 31 March 2024 (refers to 1 April 2023 to 31 March 2024), 9MFY25 financial results (refers to 1 April 2024 to 31 Dec 2024) & projected financials from FY25 to FY27 (refers to 1 April 2024 to 31 March 2027), and publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Timely completion of capex with no time and cost overruns resulting in sustained growth in revenue
- Sustained capital structure at the current level & debt protection metrics.

Downward Factors

- Significant reduction in the scale of operations & profitability impacting the debt coverage indicators along with deterioration in overall gearing.
- Significant delay in capex /deterioration in gearing level above 1.2x and elongation of operating cycle beyond 120 days on sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operations and experienced promoters:
JTLIL has established long track of business operations for more than 3 decades in the same line of business activity. The company is promoted by key promoters i.e. Mr. Mithan Lal Singla, Mr. Madan Mohan, Mr. Rakesh Garg who have more than 25 years of experience into the steel tubes & structural steel industry. The promoters are well supported by team of professionals having experience of more than 2 decades in the field of finance & banking, marketing, production etc. Longstanding presence of the promoters in the industry has helped the company to establish strong relationships with customers and suppliers, withstand industry cycles, diversify the product profile, and expand capacity.

Healthy scale of operations:
Over the years the company has shown consistent growth in the topline and registered CAGR of ~67% in last 3 fiscal years. Total revenue of the company improved by ~32% from Rs 1553.34 Crore in FY23 to Rs 2048.29 Crore in FY24 on the back of increased sales volumes led by healthy demand for the company's products. Average EBITDA & PAT margins for last 3 years stands at ~7.47% & ~5.26% respectively till FY24. The company's revenue mainly comprises from galvanized pipe of ~35%, steel structure of ~26% and heavy steel structure of ~36% in FY24. The company has maintained good EBITDA (earnings before interest, taxes,

depreciation, and amortisation) & PAT margins, though declined marginally from 8.35% & 5.80% in FY23 to 7.46% & 5.50% in FY24 respectively. As per 9MFY25 results, the company registered total operating income (excluding other income) & profit after tax (PAT) of Rs 1446.36 crore & Rs 82.03 crore in 9MFY25 against Rs 1574.29 crore & Rs 83.47 crore in 9MFY24 respectively. The company has maintained good relationship with customers & suppliers and the company receives regularly order owing to established long-term relations over the years with reputed clientele.

Comfortable financial risk profile

The financial risk profile of the company remained comfortable with healthy net worth base of Rs 774.31crore as on March 31, 2024, which increased from Rs 407.117 crore as on March 31, 2023, on account of accretion of profit, besides funds raised by the company through convertible share warrants in FY24. Company's healthy net worth as compared to low debt led to comfortable overall gearing of 0.26x as on March 31, 2024, as compared to 0.48x as on March 31, 2023. JTL has maintained healthy debt protection metrics, interest service coverage ratio is healthy and improved from 29.88x in FY24 against 20.37x in FY23 whereas total debt/EBITDA is 0.13x in FY24 against 0.81x in FY23. The company had no long-term debt o/s at the end of 31st March,2024 further strengthening the company's liquidity profile. Current ratio is at 10.27x in FY24 indicates company strong ability to meet its current liabilities from its current assets. Operating cycle of the company is efficient at 55 days in FY24 due to low debtor period & inventory holding period of 30 days and 31 days, whereas creditor period is 5 days only in FY24.

Low customer and supplier concentration risk:

The company deals with no of reputed customers and suppliers. The company top 5 suppliers constitute ~36% of the purchase whereas top 5 customers constitute ~32% of the purchase in FY24 indicates low to moderate customer concentration risk

Key Rating Weaknesses

Project execution risk

In order to strengthen its market position and achieve better economies of scale and profitability, company is undertaking capacity expansion of existing manufacturing facility at Raigad, Maharashtra from current capacity of plant to above 1.5 million MTPA over a period of 2-3 years. The total cost of this project is estimated to be Rs 1,310 crore. Company is exposed to inherent risk in terms of delays in project execution, cost & time overrun which may arise due to arranging infrastructure, timely clearances and other external factors. While the source of fund is mainly from convertible share warrants & internal cash accruals for the required capex. However, company may raise debt in case of any short fall in the proposed source of funds which could impact the risk profile of the company to any extent. Timely completion of capex with no major cost overrun & time over will be key monitorable.

Competitive, fragmented and cyclic nature of industry

The steel tubes & pipes industry is highly fragmented and competitive in nature with direct competition from several players from various organised and unorganised players. Intense competition from the peers could exsert pressure on the pricing of the products which could affect the profit margins of the company. In addition to that, steel industry is cycle in nature i.e. sensitive to the business cycles, economy growth and any changes in the demand & supply conditions in the sectors like real estate, construction, and infrastructure mainly. Revenue growth of the company likely to be affected in the periods of economy slowdown & contraction and vice versa. which directly expose the company's cash flows and profitability to volatility of the steel industry. However, JTL's long-established track record of operations mitigates the risk to an extent.

Susceptibility of operating margins to any adverse movement in the raw materials
The raw material like HR sheets/coils are the major contributor of the overall raw material cost and have shown volatile price trends in the past. Since the raw material is the major contributor in the overall cost, so any adverse change in the prices of raw materials can affect the operating margins of the company. Volatility in prices of raw materials and company ability to pass the same to the customers will remain the key monitorable.

Analytical Approach: Standalone

Applicable Criteria:

- Rating Methodology for Manufacturing Companies.
- Financial Ratios & Interpretation (Non-Financial Sector).
- Criteria for assigning Rating outlook.
- Policy on Default Recognition
- Complexity Level of Rated Instruments/Facilities
- Policy for Placing Ratings on Rating Watch

Liquidity – Adequate
The liquidity is adequate marked by healthy cash accruals of Rs 117.45 Crore against no fixed term liability and expected GCA is in range of more than Rs 120 Crore to <200 Crore in next fiscal years. Company gearing of 0.03x in FY24 provides sufficient gearing headroom to raise any additional debt in case of requirements. The company has fund-based utilization is <60% for last 12 months ended Aug,2024 (as per last rating details). The company has free cash & cash equivalent of Rs 83.75 Crore at end of 31st March,2024.

About the Company

JTL Industries Limited ((Erstwhile, JTL Infra Limited) incorporated in July 1991, registered at Chandigarh. The company is engaged in the manufacturing of ERW Black Pipes, Pre-Galvanized industrial, galvanized steel tubes & various type of pipes through its 4 plants located in Derabassi, Mandi Gobindgarh (Punjab), Raigad (Maharashtra) & Raipur (Chhattisgarh). Currently its cumulative capacity for pipe manufacturing is ~9.36 lalk MTPA, with around 3 lakh MTPA dedicated to backward integration.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1548.40	2040.23
EBITDA	129.36	152.20
PAT	90.12	112.56
Total Debt	105.06	24.39
Tangible Net Worth	407.11	774.31
EBITDA Margin (%)	8.35	7.46
PAT Margin (%)	5.80	5.50
Overall Gearing Ratio (x)	0.26	0.03
Interest Coverage (x)	20.37	29.88

** Classification as per Infomerics' standards. Total operating income & EBITDA does not include other income, while total debt includes assumption of CPLTD.*

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Security /Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Long Term bank Facilities	Long Term	111.00	IVR A/ RWDI	IVR A/ Positive **(23 Oct,2024)**	IVR BB-/Negative; ISSUER NOT COOPERATING (Withdrawn) **(09 Jan,2024)** ---------------------- IVR BB-/Negative; ISSUER NOT COOPERATING **(27 Dec,2023)** ----------------------- IVR BB/Negative; ISSUER NOT COOPERATING **(03 Nov,2023)**	IVR BB+/ ; ISSUER NOT COOPERATING **(19 Sep,2022)**
2.	Short Term bank Facilities	Short Term	48.00	IVR A1/ RWDI	IVR A1 **(23 Oct,2024)**	IVR A4; ISSUER NOT COOPERATING (Withdrawn) **(09 Jan,2024)** ---------------------- IVR A4; ISSUER NOT COOPERATING **(27 Dec,2023)** ----------------------- IVR A4; ISSUER NOT COOPERATING **(03 Nov,2023** COOPERATING	IVR A4+; ISSUER NOT COOPERATING **(19 Sep,2022)**

RWDI - Rating watch with developing implications

Analytical Contacts:

Name: Raman Thakur Tel: (011) 45579024 Email: raman.thakur@infomerics.com	Name: Vipin Jindal Tel: (011) 45579024 Email: vipin.jindal@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund-Based Bank Facilities – Term Loan	-	-	-	till FY29	35.00	IVR A/RWDI
Fund-Based Bank Facilities – Cash Credit	-	-	-	-	76.00	IVR A/RWDI
Non-Fund-Based Bank Facilities – LC	-	-	-	-	48.00	IVRA1/RWDI

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/len-JTL-apr25.pdf
Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.