



## Press Release

**Jyoti Timbers**

**March 7<sup>th</sup>, 2025**

### Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facilities	6.00	IVR BB/ Stable (IVR Double B with Stable Outlook)	IVR BB/ Stable (IVR Double B with Stable Outlook)	Rating Reaffirmed	Simple
2.	Short Term Bank Facilities	28.56	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Rating Reaffirmed	Simple
	<b>Total</b>	<b>34.56</b>	<b>Rupees Thirty-Four Crore and Fifty-Six Lakh Only</b>			

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 Ratings has reaffirmed the long-term rating of IVR BB with Stable outlook and the short-term rating of A4 for the bank loan facilities of Jyoti Timbers (JT).

The rating continues to draw comfort from the experienced partners & long track record of the firm in timber industry, established relationship with customers and geographically diversified operation, and moderate capital structure and debt protection matrix. However, these rating strengths are partially offset by small scale of operations with thin profitability margins, government regulations on the timber processing industry, and exposure to intense competition.

The outlook is expected to remain stable with low likelihood of rating change over the medium term. IVR believes JT will continue to benefit from extensive experience of its promoters and reputed customer base that will support to increase scale of operations.

IVR has principally relied on the audited financial results of JT upto 31 March 2024, (i.e. review period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024), 6MFY25 (unaudited results) and projected financials for FY2025, FY2026 and FY2027 and publicly available information/ clarifications provided by the firm's management.



## Press Release

### Key Rating Sensitivities:

#### Upward Factors

- A significant improvement in revenue of over Rs. 106.00 crores along with improvement in profitability margins above 3.50%.
- Improvement in liquidity through increase in cash accruals and efficient working capital management.

#### Downward Factors

- Moderation in the capital structure with deterioration in overall gearing.
- Substantial fall in revenue resulting in dip in the profitability.
- Further elongation of operating cycle.

### List of Key Rating Drivers with Detailed Description

#### A. Key Rating Strengths

- **Experienced Partners and long track record of the firm in timber industry**

The partners have long standing experience in the timber industry. Mr. Sanjay Jaju and Mr. Som Dutt Sharma are the partners of the firm, and they collectively look after the overall operations of the firm. Mr. Sanjay Jaju has accumulated vast experience of more than two decades in this business through his association with this entity. He is ably supported by Mr. Som Dutt Sharma who holds experience of more than four decades in the industry through his association with the entity and in individual capacity. JT has been operating in this business for more than two decades and has been able to establish healthy relationship with both customers and suppliers.

- **Established relationship with customers and geographically diversified operations**

The presence in the industry has helped the company to establish healthy relationships with various timber suppliers and customers, reflected in through repetitive orders from its customers. The firm is having business tie ups with renowned wood manufacturers from all over the world.

- **Moderate capital structure and debt protection matrix**

The capital structure of the firm remained moderate, marked by overall gearing and TOL/TNW at 0.49 x and 2.98x respectively as on March 31, 2024 (1.10x and 4.73x respectively as on March 31, 2023), moderate increase in Tangible Network of Rs. 6.78 crore in FY2024 as compared to Rs. 6.01 crore in FY2023. The firm has an average debt protection matrix, reflected in interest coverage of 1.55x & DSCR of 1.71x with total debt to EBITDA ratio of 1.25 for FY2024. Financial profile is expected to remain at a similar level over the medium term.



## Press Release

### A. Key Rating Weaknesses

- **Small scale of operations with thin profitability margins**

JT's total operating income decreased by 1.79% in FY2024 and stood at Rs. 73.69 crore in FY2024 due to decline in average realization despite increase in sales quantity. EBITDA margin of the firm stood at 3.64% (Rs. 2.68 crore) in FY2024 as against 2.44% (Rs. 1.83 crore) in FY2023 due to lower raw material cost. The PAT margin has also increased Rs. 0.76 crore (1.00%) in FY2023 to Rs. 0.82 crore (1.11%) in FY2024 on account of the moderate increase EBITDA.

- **Government regulations on the timber processing industry**

According to the Indian Forest Act, 1927 the state government can enact rules to regulate various aspects of forest management such as prescribing the procedure for issuance of a transit pass, setting up of sawmills, sawpits etc. The timber processing industry is highly regulated, and it depends upon the central as well as state government to enact any policies.

- **Exposure to intense competition**

The timber industry in India is highly fragmented with several unorganized players having small capacities, primarily catering to regional demand due to the economies attached to local transportation. This restricts the growth opportunities for players to expand to new regions and consolidate business. Further, with around 50 per cent of the sales coming from trading it further restricts the operating margin. The firm is likely to remain exposed to intense competition in the timber industry.

**Analytical Approach:** For arriving at the ratings, INFOMERICS has applied its rating methodology as detailed in the rating criteria below. IVR has analysed JT's credit profile by considering the standalone financial statements of the firm.

### 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](#)



## Press Release

### **Liquidity – Adequate**

Liquidity is expected to remain adequate as marked by the gross cash accruals stood at Rs. 1.22 crore for FY2024 as against repayment obligation of Rs. 0.60 crore in FY2024. The firm is expected to generate cash accruals in the range of Rs. 1.86 crore to Rs. 2.25 crore in FY2025-FY2027 as against the repayment of ~ Rs. 0.23 crore in FY2025 indicating sufficient repaying capability. The firm's current ratio stood moderate at 1.25x.

### **About the firm**

M/s Jyoti Timbers (JT) was established in June 1997 as a partnership firm. The firm is currently managed by Mr. Sanjay Jaju and Mr. Som Dutt Sharma sharing profit & losses equally. The firm is engaged in the processing and trading of timber wood logs. The firm is an importer, supplier, and trader of all kinds of hard wood and soft wood in India & manufacturer of Moulding wood. The products include Teak Wood, Pine Wood, Mirandi Wood, Champ Wood, Carved Wood, and Moulded Wood, which are available in different dimensions meeting various needs. The firm imports material from New Zealand, Africa, Ghana, Burma, and Ivory Coast. The firm is having business tie ups with renowned wood manufacturers from all over the world. The manufacturing unit of the firm is located at Gandhidham (Gujarat) where no statutory permissions / approvals are required from Govt. to carry out such activities. The setup of the firm at Gandhidham is of large scale where around 100 workers are employed on regular/contract basis and 10 sawing machines, and 40 moulding machines are installed.

### **Financials (Standalone):**

For the year ended*/As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	75.03	73.69
EBITDA	1.83	2.68
PAT	0.76	0.82
Total Debt	6.60	3.35
Tangible Net worth	6.01	6.78
EBITDA Margin (%)	2.44	3.64
PAT Margin (%)	1.00	1.11
Overall Analysed Gearing Ratio** (x)	1.10	0.49
Interest Coverage Ratio (x)	1.12	1.55

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA:** CARE Ratings and ACUTE has vide their press release dated October 16<sup>th</sup>, 2024 & June 6<sup>th</sup>, 2024, respectively, had put under issuer not cooperating category due to not submission of required information



## Press Release

**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (January 30, 2024)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund based	Long Term	6.00	IVR BB/Stable	IVR BB/Stable	-	-
2.	Non-Fund Based	Short Term	28.56	IVR A4	IVR A4	-	-

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**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](http://www.infomerics.com).



## Press Release

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	6.00	IVR BB/Stable
FLC	-	-	-	28.00	IVR A4
Forward Contact	-	-	-	0.56	IVR A4

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-JyotiTimbers-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated 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 [Complexity Level of Rated Instruments/Facilities](#).