



## Press Release

### Prem Jain Ispat Udyog Private Limited

February 27, 2025

#### Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facility	47.48	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
<b>Total</b>		<b>47.48</b>	<b>Rupees Forty Seven Crore and Forty Eight Lakhs Only</b>			

*Details of Facilities 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 (Formerly Infomerics Valuation and Rating Private Limited) (IVR) has assigned long term rating of IVR BBB- with Stable outlook for the bank loan facilities Prem Jain Ispat Udyog Private Limited (PJIUPL).

The rating draw comfort from its experienced promoters and long track record of operations, agreement with Kamdhenu limited along with moderate scale of operations. However, these rating strengths are partially offset by average financial risk profile and debt protection metrics, impact of fluctuations in raw material prices on profitability, fragmented and commoditized market due to intense competition and exposure to cyclical in iron and steel industry.

The 'Stable' outlook reflects the strength from its experienced directors and strong financial which will be maintained in near medium term.

IVR has principally relied on the standalone audited financial results of PJIUPL's up to 31 March 2024 (refers to period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) and projected financials from FY2025 to FY2027 and publicly available information/clarifications provided by the company's management.

#### Upward factors

- Significant improvement in TOI above Rs.350.00 crore with improvement in profitability margins.
- Improvement in overall gearing ratio below 1.25x and similarly, improvement in debt protection metrics.

#### Downward factors

- Substantial decline in the revenue and profitability margins.



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- Decline in the debt protection metrics and/or liquidity profile.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters and long track record of operations:**

Prem Jain Ispat Udhyog Pvt. Ltd. (PJIUPL) was established in 2008 by the Jain family. It is in Kota, Rajasthan and engaged in manufacturing TMT bars, steel rods, steel rounds, angles, and related products. Over time, the company has built a strong presence in the Kota region under its brand name "Bajaj TMT." The company's day-to-day operations are overseen by Shri Prem Chand Jain, son of Shri Padam Chand Jain. He brings over 40 years of experience in trading and more than 12 years in TMT bar manufacturing. He is well-supported by other directors, including Sunita Jain, Tanmay Jain, and Dhyata Jain, who contribute extensive experience and expertise to the company.

- **Agreement with Kamdhenu Limited:**

PJIUPL has entered into an agreement with Kamdhenu Limited to market its NXT Bars and Kay-2 under the esteemed brand name 'Kamdhenu Saria.' This strategic partnership allows PJIUPL to capitalize on Kamdhenu Limited's established market presence. PJIUPL supplies finished products directly to the dealers and distributors of Kamdhenu Limited in Rajasthan. With a good network of approximately 250 dealers and distributors nationwide, Kamdhenu Limited offers a well-established market for these products, as demonstrated by the expanding scale of operations.

- **Moderate scale of operations:**

The company's total operating income has marginally declined by 0.14% but remained moderate compared to the previous financial year, from Rs.288.53 crore in FY2023 to Rs.288.12 crore in FY2024 on account of reduced sales volume and lower average realization prices. However, in absolute terms, both EBITDA and PAT have improved from Rs.5.73 crore and Rs.1.37 crore in FY2023 to Rs.10.27 crore and Rs.2.40 crore in FY2024, respectively, driven by a reduction in operating expenses. Furthermore, according to the provisional financial results for the 9MFY2025, total operating income improved to Rs.228.79 crore, with EBITDA and PAT booked at Rs.8.64 crore and Rs.2.94 crore, respectively.

#### Key Rating Weaknesses

- **Average financial risk profile and debt protection metrics:**



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The company's capital structure remained moderate in FY2024, with an overall gearing ratio on adjusted tangible net worth (including corporate guarantee) of 3.34x and a TOL/ATNW ratio of 3.61x. In terms of debt protection metrics were also moderate, with a debt service coverage ratio (DSCR) of 1.16x and an interest service coverage ratio (ISCR) of 1.61x in FY2024.

- **Impact of fluctuations in raw material prices on profitability:**

The company's operations remain raw material intensive as the main raw material is MS Billet. PJIUPL profitability thus remains vulnerable to raw material price fluctuations. Further, absence of captive sources of raw materials further exposes it to fluctuations in raw material prices compared to integrated players. Although prices normally reflect changes in the cost of raw materials, there may be short-term discrepancies in the prices of raw materials and finished goods, which could cause margins to fluctuate.

- **Fragmented and commoditized market due to intense competition, exposure to cyclicity in iron and steel industry:**

The steel product manufacturing business is characterized by intense competition across the value chain due to low product differentiation, and consequent high competition, which limits the pricing flexibility of the players. Steel prices are volatile as it depends on global prices and sentiments of the product consuming sectors. The domestic iron and steel industry is cyclical in nature and is likely to impact the cash flows of the steel players, including PJIUPL.

**Analytical Approach:** For arriving at the ratings, IVR has analysed PJIUPL's credit profile by considering the standalone financial statements of the company.

**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](#)

**Liquidity – Adequate**

PJIUPL's liquidity position is adequate marked by gross cash accruals of Rs.3.40 crore in FY2024 as against Rs.2.03 crore of repayment obligation in FY2024. The company has a current ratio of 1.47x in FY2024. Moreover, the company is expected to generate cash



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accruals in the range of Rs.4.59 crore to Rs.5.73 crore as against its repayment debt obligation in the range of Rs.1.32 crore to Rs.1.25 crore during FY2025-2027.

### **About the Company**

Prem Jain Ispat Udyog Private Limited (PJIUPL) is engaged in the production of TMT bars, with a focus on delivering quality products to meet industry standards. The company operates under the leadership of Prem Chand Jain, Sunita Jain, Tanmay Jain, and Dhyata Jain, who collectively contribute over four decades of expertise in the sector. PJIUPL is a part of the Bajaj Group and operates a manufacturing facility located in Kota, Rajasthan. The company's production facility has an annual installed capacity of 99,000 metric tons, allowing it to cater to both local and regional demand.

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

	<b>(Rs. crore)</b>	
<b>For the year ended*/As on</b>	<b>31-03-2023</b>	<b>31-03-2024</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	288.53	288.12
EBITDA	5.73	10.27
PAT	1.37	2.40
Total Debt	40.02	60.23
Tangible Net worth	30.19	32.59
EBITDA Margin (%)	1.99	3.56
PAT Margin (%)	0.47	0.83
Overall Gearing Ratio (x)	2.74	3.34
Interest Coverage Ratio (x)	1.83	1.61

*\*Classification as per Infomerics' standard*

**Status of non-cooperation with previous CRA:** Brickwork Ratings in its press release dated May 8, 2024, has maintained the rating of Prem Jain Ispat Udyog Private Limited under "Issuer Not Cooperating" category due to unavailability of adequate information.

**Any other information:** Nil

**Rating History for last three years:**



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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	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based	Long Term	47.48	IVR BBB-/Stable	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) (Formerly Infomerics Valuation and Rating Private Limited) 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 visit [www.infomerics.com](http://www.infomerics.com).

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information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	September 2027	2.48	IVR BBB-/Stable
Cash Credit	-	-	-	45.00	IVR BBB-/Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-PremJainIspat-feb25.pdf>

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

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