



Press Release
JAI GANESH ISPAT AND FERRO ALLOYS PRIVATE LIMITED
March 31, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	33.00	ACUITE BBB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	33.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on Rs.33.00 Cr. bank facilities of Jai Ganesh Ispat and Ferro Alloys Private Limited (JGIFAPL). The outlook is '**Stable**'.

Rationale for Rating

The rating reaffirmation is on account of JGI group's moderation in operating performance. The rating draws comfort from the groups established operational track record, experienced management, healthy financial risk profile and adequate liquidity position of the company. However, rating is constrained by moderately intensive working capital management and cyclical and competitive nature of steel industry.

About the Company

Jai Ganesh Ispat and Ferro Alloys Private Limited (JGIFAPL) is a Goa-based company incorporated in the year 2004. The directors of the company are Mr. Siddharth Goyal and his wife, Mrs. Sonia Goyal. The company is into trading of steel and steel products and allied items such as GL Coils, GP Sheet/Coil, HR Plate, PPGI Sheet/Coil, PPGL Coil and TMT. JGI is an exclusive authorized distributor of JSW Steel Ltd. products in Goa. JGIFAPL's trading and distribution division generates approximately 80 percent of its total revenue. The company also processes steel into coils for its group company (~3 per cent), JGISPPL, and other customers. It has a service centre in Goa called 'JSW Explore' that supplies clients with customizable sizes of steel products through value-added services.

About the Group

JGI Steel Processors Private Limited (JGISPPL) was incorporated in March 2022. The company is promoted by Mr. Siddharth Goyal and Mrs. Sonia Goyal. The company is into trading of steel products and an authorized dealer for JSW Steel Limited's for various steel products such as GL Coils, GP Sheet/Coil, HR Plate, PPGI Sheet/Coil, PPGL Coil and TMT.

JGI Metal Convertors Private Limited (JGIMCPL) was incorporated in 2022 and promoted by Mr. Siddharth Goyal and his wife, Mrs. Sonia Goyal. In Sri City, Andhra Pradesh, the company has set up a plant to manufacture steel components such as flat steel, cold rolled steel, galvanized plain sheet, and pre-painted galvalume sheets, with a

monthly capacity of 20,000 metric tonnes. The production facility has been operational since February 2024.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated Business and financial risk profiles of Jai Ganesh Ispat and Ferro Alloys Private Limited (JGIFAPL), JGI Steel Processors Private Limited (JGISPPL) and JGI Metal Convertors Private Limited (JGIMCPL) to arrive at the rating on account of common management and strong operational and financial linkages in the form of inter party transactions and corporate guarantee extended to JGIMCPL by Jai Ganesh Ispat and Ferro Alloys Private Limited (JGIFAPL).

Key Rating Drivers

Strengths

Established track record of operations and experienced management

JGI group has a strong track record of operations and experienced management. The company's promoters have been engaged in the steel trading business since 1997, which has helped establish strong relationships with both suppliers and customers. This has led to stability in the inflow of orders and the supply of raw materials. The extensive experience of the promoters and the company's established presence have enabled JGI group to secure distributorship of JSW Steel Limited in Goa. Additionally, the group has acquired distributorship rights for the Coastal Maharashtra region, including the districts of Sindhudurg, Ratnagiri, Raigad, and Kolhapur. Acuité believes that the group will benefit from its experienced management, which helps maintain long-standing relationships with customers and suppliers.

Moderation in operating performance

The group has shown stagnancy in revenue wherein it has reported revenue of Rs. 491.44 Cr. in FY24 as against Rs. 503.05 Cr. in FY23. The group has reported sales of ~Rs.521 Cr. for 10MFY2025 and expected to register revenue in the range of Rs.605-650 Cr. in FY2025. The EBITDA margin remained stable at 4.67 percent in FY24 as against 4.62 percent in FY23. EBITDA margin is expected to be in the range of 4 to 5 per cent in FY25. PAT margin of the group has declined during FY24 to 2.43 percent against to 4.14 percent in FY23 on account of high finance cost. Acuité believes, the operating performance of the group would improve steadily over the medium term.

Healthy financial risk profile

JGI group's financial profile remained healthy marked by moderate net worth, moderate gearing and comfortable coverage indicators. The group's net worth stood healthy at Rs 90.85 Cr. as on March 31, 2024 as against Rs 77.89 Cr. as on March 31, 2023, backed by steady accretion to reserves. The capital structure remained moderate with average gearing of ~1.05 times and Total Outside Liabilities to Tangible Net Worth (TOL/ TNW) at ~1.51 times for past three years ending March 31, 2024 due to limited capex requirements and resulting in low external borrowings.

The group's coverage indicators are comfortable with interest coverage ratio (ICR) 4.50 times and Net Cash Accruals (NCA)/Total Debt (TD) stood at 0.15 times for FY24 as against 11.21 times and Net Cash Accruals (NCA)/Total Debt (TD) stood at 0.45 times for FY23 respectively. Debt service coverage ratio stood at 2.50 times during FY24 against 5.37 times during FY23. Acuité believes that financial risk profile of the group will remain healthy over the medium term, supported by no significant debt-funded capital expenditure plans in near to medium term.

Weaknesses

Moderately intensive working capital management

The group's working capital is moderately intensive in nature as reflected in its Gross Current Asset (GCA) days of around 115 days during last 3 years ended March 31, 2024. JGI group offers credit period of around 45 -60 days to its customers and makes upfront payment to its suppliers. Its inventory days stood at 20-45 days during last 3 years ended March 31, 2024. All its purchases are against payment only leading to moderate utilisation of its working capital limits at an average of 65 per cent for last 6 months ending January 2025. Acuité believes that with competitive and trading nature of operations, the company needs to maintain inventory while offering credit keeps the operations working capital intensive in nature.

Cyclical and competitive nature of steel industry

The steel long products industry is intensely competitive, with many organized and unorganized players. Its performance is linked to the cyclical nature of the steel industry and end-user industries such as real estate, infrastructure, and construction. However, this risk is mitigated by the booming infrastructure industry and the high demand, supported by government initiatives in the current fiscal year.

Rating Sensitivities

- Improving scale of operations while improving profitability.
- Elongation in the working capital cycle
- Deterioration in financial risk profile

Liquidity Position Adequate

JGI group's liquidity is adequate marked by net cash accruals to its maturing debt obligations and moderate bank limits utilisation. The group has generated cash accruals of Rs.13.95 Cr. during FY24 against debt repayment obligation of Rs.2.21 Cr. The cash accruals are estimated to remain around Rs.15 Cr. to 20 Cr. during 2025-27 with expected debt repayment obligations in the range of Rs.2 Cr. to 3 Cr. for the same period. The bank limit utilisation remained moderate at 65 per cent for last 6 months ending January 2025.

Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals against its repayment obligations and its internal accruals and liquid surplus to be sufficient to meet its incremental working capital requirements.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	491.44	503.05
PAT	Rs. Cr.	11.96	20.82
PAT Margin	(%)	2.43	4.14
Total Debt/Tangible Net Worth	Times	1.05	0.63
PBDIT/Interest	Times	4.50	11.21

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Jan 2024	Cash Credit	Long Term	8.25	ACUITE BBB+ Stable (Upgraded from ACUITE BB+)
	Channel/Dealer/Vendor Financing	Long Term	23.75	ACUITE BBB+ Stable (Upgraded from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BBB+ Stable (Upgraded from ACUITE BB+)
08 Dec 2023	Bank Guarantee (BLR)	Short Term	1.18	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	8.25	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Channel/Dealer/Vendor Financing	Long Term	18.75	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	4.82	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
14 Sep 2022	Bank Guarantee (BLR)	Short Term	1.18	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2+)
	Cash Credit	Long Term	8.25	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
	Channel/Dealer/Vendor Financing	Long Term	18.75	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
	Term Loan	Long Term	4.82	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.25	Simple	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	23.75	Simple	ACUITE BBB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB+ Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	Jai Ganesh Ispat and Ferro Alloys Private Limited
2	JGI Steel Processors Private Limited
3	JGI Metal Convertors Private Limited

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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