Press Release
JAGATJIT INDUSTRIES LIMITED
May 28, 2025
Rating Downgraded and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	160.60	ACUITE B+ | Stable | Downgraded	-
Bank Loan Ratings	39.40	Not Applicable | Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	160.60	-	-
Total Withdrawn Quantum (Rs. Cr)	39.40	-	-

Rating Rationale

Acuite has downgraded the long term rating to **'ACUITE B+' (read as ACUITE B plus**f)rom **'ACUITE BB-'(read as ACUITE double B minus)**for the Rs.160.60 Cr. bank facilities of Jagatjit Industries Limited (JIL). The outlook is **"Stable"** .

Further, Acuite has withdrawn the long term rating on Rs. 39.40 Cr. bank facilities without assigning any rating as this is a proposed facility of Jagatjit Industries Limited. The rating has been withdrawn on account of the request received from the company. The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility.

Rationale for rating

The rating downgrade is driven by a decline in total income to Rs.491.50 Cr. in FY25 from Rs.556.93 Cr. in FY24, due to delay in anticipated sale of Gurugram property, delays in the commencement of operations of ethanol plant, delay in tender conversion from malt division and reduced realizations in the Indian-made foreign liquor(IMFL) segment. The operating profit and profit after tax margins have reduced to -2.82 % and -4.74% in FY25 from 4.17 % and 1.70% in FY24 respectively due to increase in fixed expenses and fluctuation in raw material prices. Additionally, exit of lessee from Gurugram property and higher leverage has strained cash flows, resulting in negative cash accruals. Overall, weaker operating performance, increased leverage, and delayed tenders have affected the liquidity and financial risk profile, which will remain a key monitorable in the medium term. The rating continues to remain constrained by weak financial risk profile and intense competition and highly regulated nature of liquor industry, which is its major line of business.

About the Company

Jagatjit Industries Limited (JIL) was incorporated in 1944 in the state of Punjab by Mr. L.P. Jaiswal under the name of Jagatjit Distilling and Allied Industries Limited, subsequently the name was changed to the present one. The Company's primary focus is in the business of manufacturing, distributing and selling of IMFL brands and country liquor. The company also has food division with its own malt house, malt extract plant and a malted milk food manufacturing unit. The malted milk food division (MMF) has four units of tray drying and one unit of spray drying with a total manufacturing capacity of 100 MT per day of high-quality malted milk food. JIL has various real estate propertie two main properties being, one in Gurugram and other in New Delhi where the later has been leased out to earn rental income. The property at Connaught Place, New Delhi, comprises of two floors at Ashoka Estate measuring approximately 23,000 Sq. Ft area and are currently on lease from which the company earns lease rental income.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of JIL to arrive at this rating.

Key Rating Drivers

Strengths

Established presence in the domestic market and diversified revenue streams

JIL is managed by Mr. Ravi Manchanda(Managing Director), Mr. Deepankar Barat (President) along with Mr. Anil Vanjani (CEO & CFO) and Ms. Roshni Jaiswal (Promoter Family). Ms. Roshni Jaiswal belongs to a business family, which has been in the AlcoBev industry for over seven decades. The promoters are very resourceful and have supported the entity with the funding as and when required. The seven-decade track record of operations in the AlcoBev and Food industry has helped JIL establish presence with entities like HUL and a geographic presence across 17 States and 2 Union Territories in domestic market, and 13 countries including U.S.A., Italy and U.A.E, to name a few.

JIL is engaged in manufacturing, distributing and selling Indian Made Foreign Liquor (IMFL), Country Liquor (CL) (74% of revenues), Malted Milk Food (MMF) & Malt Extract (MEX) (24% of revenues) and managing of owned Real Estate assets (2% of revenues in the form of rental income). The Company's primary focus is in the business of manufacturing, distributing and selling of IMFL brands , under the brand name "Aristocrat". Acuite believes that, given the company's diversified business profile, JIL is likely to mitigate any systematic risks arising from any regulatory changes.

Moderate working capital cycle

JIL has working capital requirements as evident from gross current assets (GCA) of 102 days in FY2025 as compared to 107 days in FY2024. Higher GCA days are on account of other current assets in the form of advance to suppliers as on 31st March 2025. Debtor days reduced to 16 days in FY2025 as against 24 days in FY2024. Inventory days reduced to 36 days in FY2025 as against 43 days in FY2024. Credit terms with suppliers usually range between 60 to 70 days. Acuité believes that the working capital operations of the company will remain at similar levels over the medium term.

Weaknesses

Weakened operating performance QoQ and YoY for FY2025

JIL has experienced deterioration in operating performance each quarter in FY25, despite expectations that the commercialization of its ethanol plant, sale of Gurugram property and approval of tenders for the malt food division would enhance operational performance. As a result, the company's operating income (net of excise duty) declined from Rs. 556.93 crore in FY24 to Rs. 491.50 crore in FY25. Additionally, the anticipated commencement of operations at the 200 KLPD ethanol plant was delayed by three months owing to tender delays, which in turn affected their expected incremental topline. Currently, the company is expected to supply 1.29 crore litres of ethanol to OMCs in Q2 (June & July2025). Acuite believes that JIL will likely secure additional tenders being the preferential bidders in the ethanol segment and operate at full capacity in order to generate incremental revenues.

Delay in sale of Gurugram property and exit of lessee:

JIL was anticipating sale of its property in Gurugram in Q4FY25, however the same has been delayed.The lessee has also exited the property in December, 2024 which has affected the company's rental income. Acuite believes that timely sale of the property is critical with respect to the liquidity crunch faced by the company in order to smoothly meet the repayment obligations without putting a strain on Company's cash flow .

Weak Financial Risk Profile:

The tangible net worth has reduced to Rs.53.04 Cr. in FY25 from Rs.84.78 Cr. in FY24, due to reduction in profitability and removal of quasi equity from the net worth as an analytical adjustment. JIL's total debt increased to Rs. 401.01 crore in FY25 from Rs. 260.53 crore in FY24, primarily due to the infusion of interest-bearing unsecured loans and the full disbursement of a Rs. 180 crore IREDA loan for the 200 KLPD ethanol plant. The debt protection metrices have reduced, where ICR and DSCR has fallen to 0.50 times and 0.40 times in FY25 from 1.74 and 1.18 times in FY24 respectively. The NCA/TD stood at -0.03 times in FY25 and TOL/TNW stood at 12.53 times in FY25. Given the negative cash accruals and declining operating performance, Acuite believes that the company's highly leveraged capital structure may pose challenges to its operational activity and overall performance. However, the financial risk profile might improve with the commercialization of the ethanol plant and ability of the company to win tenders, which will increase their operating performance and accruals.

Rating Sensitivities

- Commencement and stabilization of production of 200KLPD ethanol plant
- Movement of revenues and profitability
- Timely execution and receipt of proceeds from property sale at Gurugram
- Occupancy levels of real estates on lease

Liquidity Position
Stretched

JIL faces liquidity pressures due to weak operating performance, leading to negative cash accruals to cover the repayment obligations of Rs.6.70 Cr. over the same period. The current ratio declined to 0.58 times in FY25, reflecting liquidity stress. The company has increased leverage and the same is reflected by Debt/Equity which stood at 7.56 times in FY25 as compared to 3.07 times in FY24. However, the company is required to maintain a DSRA equivalent to one quarter of interest and principal payments for the LRD loan and there has been no invocation of the same in the past. Acuite believes the liquidity will likely remain stretched unless impending delays in operations are resolved, which will bring in steady accruals to cover the debt obligations.

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	491.50	556.93
PAT	Rs. Cr.	(23.28)	9.48
PAT Margin	(%)	(4.74)	1.70
Total Debt/Tangible Net Worth	Times	7.56	3.07
PBDIT/Interest	Times	0.50	1.74

FY2025 is based on abridged financials statements

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
- 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
- Lease Rental Discounting : https://www.acuite.in/view-rating-criteria-106.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. Acuite'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
25 Feb 2025	Proposed Long Term Bank Facility	Long Term	38.00	ACUITE BB- | Stable (Reaffirmed)
	Term Loan	Long Term	162.00	ACUITE BB- | Stable (Reaffirmed)
25 Nov 2024	Term Loan	Long Term	200.00	ACUITE BB- | Stable (Reaffirmed)
20 Aug 2024	Term Loan	Long Term	200.00	ACUITE BB- | Stable (Reaffirmed)
24 Apr 2024	Term Loan	Long Term	200.00	ACUITE BB- | Stable (Reaffirmed)
25 Jan 2023	Term Loan	Long Term	200.00	ACUITE BB- | Stable (Upgraded from ACUITE B+ | Stable)
06 Jan 2023	Term Loan	Long Term	200.00	ACUITE B+ | Stable (Downgraded from ACUITE BB- | Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	39.40	Simple	Not Applicable|Withdrawn
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	01 Dec 2018	Not avl. / Not appl.	30 Jun 2034	160.60	Simple	ACUITE B+ | Stable | Downgraded (from ACUITE BB-)

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About Acuité Ratings & Research

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