



**Press Release**  
**SHREE JAY JAGDAMBA FLANGES PRIVATE LIMITED**  
**October 01, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.91	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	8.09	-	ACUITE A2+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	20.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of 'ACUITE A-' (**read as ACUITE A minus**) and short term rating of 'ACUITE A2+' (**read as ACUITE A two plus**) on the Rs. 20.00 crore bank facilities of Shree Jay Jagdamba Flanges Private Limited (SJFPL). The outlook is 'Stable'.

**Rationale for rating reaffirmation**

The rating factors in the established track record of the operations for the group over the years along with the extensive experience of the management in the steel industry. The directors of the group Mr. Narayan Prasad Malpani and Mr. Ramprakash Narayan Prasad Malpani have around 22 years of experience in the steel industry. Further, the rating also considers the healthy financial risk profile of the group marked with the net worth of Rs.669.33 crores and gearing of 1.12 times as on March 31, 2024. The rating also factors in the capex undertaken by the group in bright bar and flanges division which will help them to achieve higher sales from the current financial year. However, these strengths are partly offset by the intensive working capital operations of the group marked by the high GCA days of 288 days in FY24.

**About the Company**

**Shree Jay Jagdamba Flanges Private Limited**

Incorporated in 2014, Shree Jay Jagdamba Flanges Private Limited is a Mumbai based company engaged in manufacturing of specialised flanges which are used as pipe fittings and valves. Mr. Ashotosh Omprakash Malpuria, Mr. Narayan Prasad Malpani and Mr. Ramprakash Narayan Prasad Malpani are the directors of the company.

**About the Group**

**Jay Jagdamba Limited**

Vadodara-Gujarat based, Jay Jagdamba Limited (JL) is a public company domiciled in India. It was incorporated in the year 2004 and is engaged in manufacturing of stainless steel and allied products like - alloy steel, billets, ingots, hot rolled steel, bright round, angle bars & flanges etc. The manufacturing facility is located at Wada in

Maharashtra. Mr. Ashotosh Omprakash Malpuria, Mr. Narayan Prasad Malpani and Mr. Ramprakash Narayan Prasad Malpani are the directors of the company.

**Jay Jagdamba Profile Private Limited**

Jay Jagdamba Profile Private Limited is a Mumbai based manufacturing company incorporated in the year 2006. It is engaged in manufacturing of stainless steel rolled bars such as Round Bars, Hexagonal Bars, Square Bars, Angle Bars, Flat Bars and RCS (Round Cornered Square) Bars. Mr. Ashotosh Omprakash Malpuria, Mr. Narayan Prasad Malpani and Mr. Ramprakash Narayan Prasad Malpani are the directors of the company.

**Jay Jagdamba Forgings Private Limited**

Mumbai based, Jay Jagdamba Forgings Private Limited was incorporated in the year 2014 and is engaged in manufacturing of stainless-steel forgings. Mr. Ashotosh Omprakash Malpuria, Mr. Narayan Prasad Malpani and Mr. Ramprakash Narayan Prasad Malpani are the directors of the company.

## Unsupported Rating

Not Applicable

## Analytical Approach

### Extent of Consolidation

- Full Consolidation

### Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the standalone business and financial risk profiles of Jay Jagdamba Limited (JL), Jay Jagdamba Forgings Private Limited (JFPL), Jay Jagdamba Profile Private Limited (JJPL) and Shree Jay Jagdamba Flanges Private Limited (SJFPL) together referred to as the 'Jay Jagdamba Group' (JJG). The consolidation is in view of the common management and strong operational & financial linkages between the entities.

## Key Rating Drivers

### Strengths

#### Established track record along with experienced management

Jay Jagdamba Group (JJG) is in the business of manufacturing of stainless-steel ingots, billets, Bright Bars, RCS, Forged products and flanges. It uses imported and domestic stainless-steel scrap and uses its melting plant & AOD plant to mix various Ferroalloys and other elements as required under various standards to produce its finished Specialized steel goods. The current directors of the group Mr. Narayan Prasad Malpani and Mr. Ramprakash Narayan Prasad Malpani have around 22 years of experience in the steel business, which has also helped the group achieving the revenue of Rs. 1501.27 crore in FY24 as against Rs.1482.65 crore in FY2023. Further the group has also focused more on value added products having higher demand allowing them to capture more market.

Acuite believes that the extensive experience of the management in the steel business will help the group in growing its business.

#### Healthy Financial risk profile

The financial risk profile of the group remained healthy marked by a healthy net worth, low gearing, and moderate debt protection metrics. The net worth of the group stood healthy at Rs. 669.33 Cr. as on March 31, 2024, as against Rs. 526.85 Cr. as on March 31, 2023. The increase in net worth is primarily due to the accretion of profits to the reserves and infusion of funds by the promoter entity in form of CCPS. The gearing of the group stood at 1.12 times as on March 31, 2024 as against 1.4 times as on March 31, 2023. The gearing is expected to decline in FY25 and onwards on account of completion of the planned capex and improvement in operating margins for the group. The TOL/TNW stood at 1.99 times as on March 31, 2024 as against 2.24 times as on March 31, 2023. The debt protection metrics stood moderate with DSCR and Interest coverage ratio standing at 1.23 times and 2.23 times respectively as in FY2024.. The coverage ratios are going to improve going ahead on account higher cash accruals and lower repayment in near term.

#### Capex in value added products.

JJG group has undertaken a capex worth of around Rs.366 crore for expansion in Flanges and Bright bar division. The capex was majorly undertaken to conquer the demand of high value-added products in the market and funding for the same was done with the help of infusion of funds in the form of CCPS by the promoter entity, term loans from banks and NBFC. Along with this it also received Rs.86 crores as advances from the customers for a period of 3 years to undertake the capex. The COD for the flanges is already achieved in December 2023 and the group will be witnessing the revenue contribution in the current financial year i.e. FY25. However, the COD for the bright bar division is planned for Q4FY25. Considering the above, group is expected to see a significant growth in its revenue from FY25 onwards.

### Weaknesses

#### Intensive working capital operations of the group

The working capital operations of the group remains intensive marked by GCA days of 288 days in FY 2024 as against 264 days in FY 2023. The GCA days are comprised of high inventory, moderate debtor and high other current assets consisting of advances to suppliers and receivables from government authorities. The debtor days of the group decreased to 83 days in FY 2024 as against 108 days in FY 2023. Further, the creditors days stood at 115 days in FY 2024 as against 105 days in FY 2023. However, the inventory days for the group increased to 131 days in FY 2024 as against 120 days in FY 2023. The average bank limit utilisation for last 12 months June 2024 stood at 87 percent on closing basis.

Acuite believes that the working capital operations of the group will remain at similar levels over the medium term.

### Rating Sensitivities

- Timely completion of the capex in Bright bar division.

- Any improvement in its working capital operations.

### **Liquidity Position**

#### **Adequate**

The Group had Cash and Bank balance of RS. 10.39 Crore as on March 31, 2024. The group benefits from the financial support extended by the Promoters and related parties in the form of unsecured loans to meet the working capital requirement. The total outstanding amount of unsecured loans stood at RS. 35.36 Crore as of March 31, 2024. The group generated NCA of around Rs.83 crore in FY24 as against Rs.51 crore of repayment obligations in the same year. Further it is expected that group will generate NCA in range of Rs.130 to Rs.170 crore against the repayment obligations of around Rs.55 to Rs.76 crore over the medium term. The current ratio of the group stood at 1.21 times in FY 2023-24. The average bank limit utilisation for last 12 months June 2024 stood at 87 percent on closing basis.

#### **Outlook: Stable**

Acuité believes the outlook on JJG will remain 'Stable' over the medium term backed by the group's established track record. The outlook may be revised to 'Positive' if the group is able to sustain its revenue growth with the help of additional revenue from flanges and bright bar division, which will help in improvement in the profitability margins and working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of any delay in generating revenue from capex done, affecting the debt serviceability for the group.

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1501.27	1482.65
PAT	Rs. Cr.	53.84	48.14
PAT Margin	(%)	3.59	3.25
Total Debt/Tangible Net Worth	Times	1.12	1.40
PBDIT/Interest	Times	2.23	2.16

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

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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Sep 2024	Cash Credit	Long Term	7.30	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.61	ACUITE A-   Stable (Assigned)
	PC/PCFC	Short Term	3.75	ACUITE A2+ (Assigned)
	FBN/FBP/FBD/PSFC/FBE	Short Term	3.75	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	0.59	ACUITE A2+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.59	Simple	ACUITE A2+   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.30	Simple	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.75	Simple	ACUITE A2+   Reaffirmed
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.75	Simple	ACUITE A2+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.61	Simple	ACUITE A-   Stable   Reaffirmed

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

Sr.No.	Company Name
1	Jay Jagdamba Limited
2	Jay Jagdamba Profile Private Limited
3	Jay Jagdamba Forgings Private Limited
4	Shree Jay Jagdamba Flanges Private Limited

## Contacts

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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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