



Press Release
JAY JAGDAMBA LIMITED
September 27, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	620.70	ACUITE A- Stable Assigned	-
Bank Loan Ratings	229.30	-	ACUITE A2+ Assigned
Total Outstanding Quantum (Rs. Cr)	850.00	-	-

Rating Rationale

Acuite has assigned 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. 850.00 crore bank facilities of Jay Jagdamba Limited (JL). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned 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 crore 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

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.

About the Group

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.

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.

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.

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 (JJL), Jay Jagdamba Forgings Private Limited (JFPL), Jay Jagdamba Profile Private Limited (JJPPL) and Shree Jay Jagdamba Flanges Private Limited (SJJFPL) 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 crore 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.

Acuité 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)

None

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. 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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.50	ACUITE A2+ Assigned
SVC Co-Op Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	ACUITE A2+ Assigned
The Saraswat Cooperative Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	ACUITE A2+ Assigned
Karur Vysya Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.00	ACUITE A- Stable Assigned
SVC Co-Op Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.50	ACUITE A- Stable Assigned
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.00	ACUITE A- Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	70.00	ACUITE A- Stable Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	45.00	ACUITE A- Stable Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A- Stable Assigned
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A- Stable Assigned
NKGSB Cooperative Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	37.46	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	67.00	ACUITE A- Stable Assigned
The Saraswat Cooperative Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	23.00	ACUITE A- Stable Assigned

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.	Simple	65.00	ACUITE A2+ Assigned
The Saraswat Cooperative Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	ACUITE A2+ Assigned
SVC Co-Op Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A2+ Assigned
SVC Co-Op Bank Limited	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.60	ACUITE A2+ Assigned
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE A2+ Assigned
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A2+ Assigned
The Saraswat Cooperative Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	32.20	ACUITE A2+ Assigned
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	60.00	ACUITE A2+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	67.86	ACUITE A- Stable Assigned
JALGOAN PEOPLES CO-OPERATIVE BANK LIMITED	Not avl. / Not appl.	Term Loan	29 Mar 2023	Not avl. / Not appl.	29 Oct 2029	Simple	9.87	ACUITE A- Stable Assigned
NKGSB Cooperative Bank Ltd	Not avl. / Not appl.	Term Loan	28 Mar 2023	Not avl. / Not appl.	28 Mar 2028	Simple	18.06	ACUITE A- Stable Assigned
Bank of Maharashtra	Not avl. / Not appl.	Term Loan	11 Sep 2022	Not avl. / Not appl.	11 Sep 2029	Simple	21.21	ACUITE A- Stable Assigned
Bank of India	Not avl. / Not appl.	Term Loan	12 Aug 2022	Not avl. / Not appl.	12 Aug 2027	Simple	25.42	ACUITE A- Stable Assigned
The Saraswat Cooperative Bank Ltd	Not avl. / Not appl.	Term Loan	18 Mar 2020	Not avl. / Not appl.	18 Mar 2025	Simple	0.22	ACUITE A- Stable Assigned

Union Bank of India	Not avl. / Not appl.	Term Loan	06 Sep 2020	Not avl. / Not appl.	06 Sep 2025	Simple	10.21	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	20 Mar 2023	Not avl. / Not appl.	20 Mar 2028	Simple	21.08	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Working Capital Term Loan	28 Jun 2021	Not avl. / Not appl.	28 Jun 2026	Simple	20.22	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Working Capital Term Loan	17 Feb 2022	Not avl. / Not appl.	17 Feb 2028	Simple	17.34	ACUITE A- Stable Assigned
The Saraswat Cooperative Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	30 Dec 2021	Not avl. / Not appl.	30 Dec 2027	Simple	6.17	ACUITE A- Stable Assigned
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	02 May 2021	Not avl. / Not appl.	02 May 2026	Simple	2.26	ACUITE A- Stable Assigned
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	30 Nov 2021	Not avl. / Not appl.	30 Nov 2026	Simple	3.95	ACUITE A- Stable Assigned
Canara Bank	Not avl. / Not appl.	Working Capital Term Loan	02 Sep 2021	Not avl. / Not appl.	02 Sep 2026	Simple	1.49	ACUITE A- Stable Assigned
Canara Bank	Not avl. / Not appl.	Working Capital Term Loan	20 Jul 2021	Not avl. / Not appl.	20 Jul 2027	Simple	7.09	ACUITE A- Stable Assigned
Canara Bank	Not avl. / Not appl.	Working Capital Term Loan	21 Apr 2022	Not avl. / Not appl.	21 Apr 2028	Simple	1.62	ACUITE A- Stable Assigned
SVC Co-Op Bank Limited	Not avl. / Not appl.	Working Capital Term Loan	30 Dec 2021	Not avl. / Not appl.	30 Dec 2027	Simple	16.67	ACUITE A- Stable Assigned

***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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