

May 28, 2025

Jindal Aluminium Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount	Current Rated Amount	Rating Action
	(Rs. crore)	(Rs. crore)	
Long term – Fund based – Working Capital Facilities	186.00	140.00	[ICRA]AA (Stable); Reaffirmed
Short term – Non-fund Based – Working Capital Facilities	45.00	45.00	[ICRA]A1+; Reaffirmed
Long term-unallocated	0.00	46.00	[ICRA]AA (Stable); Reaffirmed
Total	231.00	231.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation factors in Jindal Aluminium Limited's (JAL) healthy revenue growth in FY2025 (estimated), driven by significant increase in sales realisation and moderate growth of ~8-9% in sales volume. While aluminium prices witnessed a significant increase in FY2025, the company was able to pass on the same to its end customers, resulting in a steady operating margin of ~11-12% (estimated) in FY2025. Going forward, JAL's operating margins are expected to sustain at similar levels of ~11-12%, resulting in a healthy level of operating profits and cash flows from operations. The debt coverage indicators are also estimated to remain healthy with an estimated interest coverage and total debt/OPBDITA of over 35 times and ~0.3 times, respectively in FY2025. Moreover, a healthy cash and liquid investment balance of over Rs. 850 crore as on March 31, 2025 on a standalone basis provides cushion to the liquidity position.

The ratings also favourably consider the strong operational profile of JAL, characterised by significant promoter experience and its established market position in the domestic aluminium extrusion industry, its wide distribution network, and strong brand presence. The operations are also diversified with healthy generation of revenues from aluminium extrusions, rolling mill division (RMD) and renewable energy. ICRA also notes that the company had signed a joint development arrangement (JDA) with the Prestige Group (Prestige Jindal City Project in Bangalore) where it offered land for the project and has received its share (27%) of all the cash flows from the same. During FY2024, the profit from this project was over ~Rs. 145 crore, largely supporting cash flows. The entire cashflow from the prestige project has been received, and no major inflow is expected going forward. The ratings, however, remain constrained by the vulnerability of JAL's revenues and earnings to any slowdown in the end-user industries (construction, renewable energy, auto etc.), volatility in raw material costs and intense competition given the fragmented nature of the industry. Nonetheless, the cash flows are expected to remain comfortable relative to its debt service obligations.

The Stable outlook on the long-term rating reflects ICRA's expectations that JAL will continue to benefit from the comfortable demand outlook for its products, which would help the company register healthy profits and cash flows over the near term.

Key rating drivers and their description

Credit strengths

Stable performance in FY2025 driven by realisation and volume increase – In FY 2024, JAL reported a revenue degrowth of 3% compared to FY2023 owing to reduction in aluminium prices while volume growth witnessed moderate growth of ~5%. In FY2025, the revenue growth witnessed significant increase of ~20% driven by significant increase in sales realisation and moderate growth of ~8-9% in sales volume. While aluminium prices witnessed a significant increase in FY2025, the company was able to pass on the same to its end customers, resulting in a steady operating margin of ~11-12% (estimated) in FY2025. Going forward, JAL's operating margins are expected to sustain at healthy similar levels of ~11-12%, resulting in a healthy level of absolute operating profits and cash flows from operations.

Comfortable financial profile – Healthy cash accruals from operations helped the company reduce its debt levels over the years. In addition, healthy cash inflows from the Prestige Jindal City Project supported the cash flow position and liquidity position of the company during FY2022-FY2024. Consequently, JAL's capital structure and debt coverage indicators remain comfortable with Total debt/OPBDITA of 0.3 times and interest coverage of over 35 times in FY2025 (estimated), which is likely to remain healthy, going forward. The company has sizeable cash and liquid investment balances of over ~Rs. 850 crore as on March 31, 2025, on a standalone basis, which provides further financial flexibility.

Market leadership in the domestic aluminium extrusion industry – JAL is a dominant player, commanding market leadership position in the domestic aluminium extrusion industry on the back of its capability to produce various profiles depending on the end-user industry. The company also supplied its products directly to some customers in the export markets. As the company has a large capacity (~1,25,000 MTPA) in the extrusion segment in India, which is expected to increase further with ~5000 MTPA capacity addition at the Bhiwadi plant every year, it enjoys strong pricing flexibility with its customers. In the RMD segment, growth has been healthy in the recent years, which is evident from more than 95% capacity utilisation in both the extrusion and the RMD segments in FY2025.

Established relationships with dealers and customers and diversified business presence lend stability to business volumes – The company continues to enjoy established relationships with dealers and reputed customers in the domestic market owing to its long presence. This is further supported by the company's good industrial mix where its products are used across various industries such as construction, auto, railways, renewables, electricals and electronics, among others. A healthy industrial mix and a wide geographical reach across the country lend stability to its business volumes and reduce sales concentration risk. Investments in the RMD and the renewable energy segment helps the company in diversifying its operations, thereby reducing its reliance on the extrusion segment.

Credit challenges

Susceptibility of margins to fluctuations in raw material prices and foreign exchange rates – Aluminium accounts for ~90% of JAL's total raw material costs. With volatility in prices, JAL's margins remain susceptible to raw material price movement. However, the company matches its sales with purchases, mitigating the raw material price risk to an extent. The company purchases aluminium in the form of ingots and billets from large domestic suppliers like Vedanta Limited, National Aluminium Company and Hindalco Industries Limited. In addition to domestic purchases, the company imports a part of its raw material requirement. While there is a natural hedge to the extent of exports, the earnings remain susceptible to fluctuations in foreign exchange rates. As the company derives the major portion of its revenues from industries such as construction and automobile OEMs, demand fluctuations in the end-user industries also continue to affect the company's revenue trajectory.

Intense competition in the industry – Apart from the major organised players like JAL, the domestic downstream aluminium industry also has many unorganised players with small capacity, leading to a highly fragmented industry structure and intense competition. Under the RMD, the competition continues to remain high, which affects the pricing power of the company. However, JAL has strengthened its position in this segment by increasing the share of export revenues in addition to having direct relationships with several OEMs across the industries.

Liquidity position: Strong

JAL's liquidity is strong with healthy cash and investment surplus of ~Rs. 850 crores as on March 31, 2025, on a standalone basis and Rs 100-150 crores of cash and investment surplus in Jindal Nature Care Limited. The annual capital expenditure requirement is expected to remain moderate at ~Rs. 105 crore for regular expansion and maintenance capex. However, the same would be funded through healthy cash flows from business operations with limited requirement of new term loans. Consequently, JAL will be able to comfortably meet its debt-servicing commitments through internal accruals and is expected to maintain a healthy investment balance, going forward.

Rating sensitivities

Positive factors – The rating could be upgraded in case of a significant improvement in JAL's scale of operations and with an improvement in the profit margins while maintaining a strong debt coverage metrics and liquidity position.

Negative factors – The ratings could be downgraded in case of a significant deterioration in JAL's earnings. Any large spend towards capex/inorganic growth impacting the overall liquidity position or coverage indicators of the company will also be a key trigger for downward revision of ratings. Specific credit metrics include Total Debt to OPBITDA above 1 time on a sustained basis

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of the company.

About the company

Incorporated in 1968, JAL manufactures aluminium extruded profiles that are used across various end-user industries, namely, construction, electrical, automobiles, general engineering etc. In 2012, the company diversified into manufacturing aluminium rolled products by commissioning its RMD at Dabaspet, Bangalore. JAL also owns wind and solar power projects in Karnataka and Andhra Pradesh with an aggregate capacity of 80.84 MW. The company is promoted by Mr. Sitaram Jindal, who has over five decades of experience in the aluminium and renewable energy sectors. The company has also acquired an extrusion plant in Bhiwadi, Rajasthan in FY2022 with current capacity of 25000 MTPA and is planning to enhance its extrusion capacity through the same by 5000 MTPA every year.

Key financial indicators

JAL Consolidated	FY2023	FY2024	9MFY25*
Operating income	4,892.5	4,738.3	4,119.9
PAT	465.5	325.4	458.5
OPBDIT/OI	15.8%	14.0%	12.4%
PAT/OI	9.5%	6.9%	11.1%
Total outside liabilities/Tangible net worth (times)	0.3	0.2	0.3
Total debt/OPBDIT (times)	0.2	0.3	0.2
Interest coverage (times)	42.4	38.9	98.5

Source: Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation. *Provisional numbers & Standalone numbers.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount Rated (Rs Crore)	May 28, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	140.00	[ICRA]AA (Stable)	-	-	26- MAR - 2024	[ICRA]AA (Stable)	30-MAR-2023	[ICRA]AA (Stable)
								01-June-2022	[ICRA]AA (Stable)
Unallocated	Long Term	46.00	[ICRA]AA (Stable)	-	-	-	-	-	-
Others	Short Term	45.00	[ICRA]A1+	-	-	26- MAR - 2024	[ICRA]A1+	30-MAR-2023	[ICRA]A1+
								01-June-2022	[ICRA]A1+
Fund Based	Long Term	-		-	-	-	-	01-June-2022	[ICRA]AA (Stable)
Commercial Paper/Std	Short Term	-		-	-	26- MAR - 2024	[ICRA]A1+; withdrawn	30-MAR-2023	[ICRA]A1+
								01-June-2022	[ICRA]A1+
Fixed Deposit	Long Term	-		-	-	26- MAR - 2024	[ICRA]AA (Stable); withdrawn	30-MAR-2023	[ICRA]AA (Stable)
								01-June-2022	[ICRA]AA (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund Based – Working Capital Facilities	Simple
Short Term – Non-Fund Based – Working Capital Facilities	Very Simple
Long term-unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund Based – Working Capital Facilities	NA	NA	NA	140.00	[ICRA]AA (Stable)
NA	Non-Fund Based – Working Capital Facilities	NA	NA	NA	45.00	[ICRA]A1+
NA	Long term-unallocated				46.00	[ICRA]AA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	JAL Ownership	Consolidation Approach
Jindal Naturecare Limited	58.08%	Full Consolidation
Wakeflo Private Limited*	100%	Full Consolidation

* Acquired control on December 18, 2023, however the company's closure is under process.

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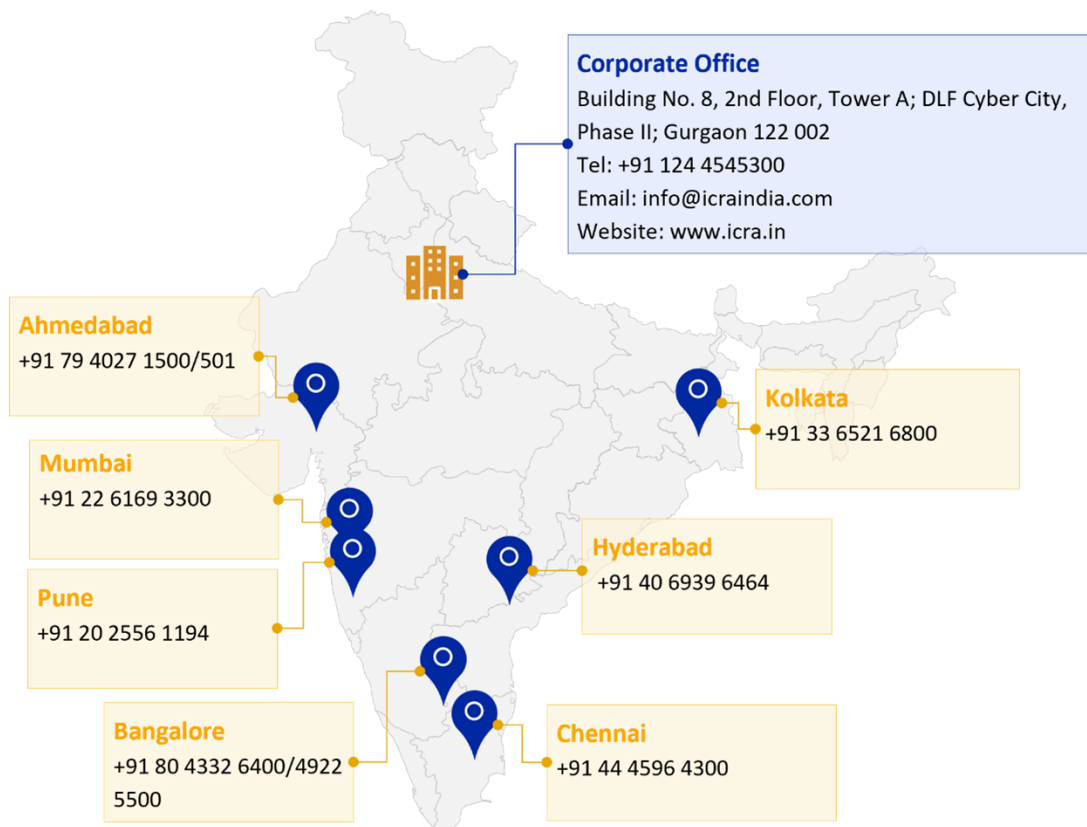
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