

June 17, 2025

Jaideep Steelworks India Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund based – Term loan	65.00	65.00	[ICRA]A (Stable); reaffirmed
Long Term - Fund based – Cash Credit	50.00	50.00	[ICRA]A (Stable); reaffirmed
Short Term - Non fund based – Others	1.40	1.40	[ICRA]A2+; reaffirmed
Total	116.40	116.40	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation continues to consider the status of Jaideep Steelworks India Private Limited (JSIPL) as a wholly-owned subsidiary of Jaideep Ispat & Alloys Private Limited (JIAPL, rated at [ICRA]A+(Stable)/[ICRA]A1) and the expectation that JSIPL would receive significant operational, financial and management support from JIAPL because of its parentage.

In FY2025, JSIPL commenced the commercial operations of its tube mill project with an annual capacity of 1,50,000 metric tonnes per annum (MTPA) in phases. ICRA notes that JSIPL's financial performance in FY2025 was lower than earlier envisaged owing to delay in commissioning of its facilities led by late machinery deliveries. However, the entire project was completed in December 2024 and the entity started generating OPBDITA profits from February 2025 onwards. Nonetheless, the entity is estimated to report OPBDITA loss of Rs 6 crore for the full fiscal of FY2025, thus adversely impacting the leverage and debt coverage indicators. Furthermore, the entity's investments towards future expansion resulted in significant funding requirement of funds, largely met through loan & advances extended by the promoter entity, JIAPL. In FY2026, the sales volumes are expected to improve significantly, which is likely to result in an improvement in the financial risk profile of the entity. However, credit metrics are likely to remain moderate in the near term atleast. Consequently, the stabilisation of the plant in line with stated operating parameters would remain the key rating monitorable. In addition, the entity has plans to deleverage the term loans (of Rs 62.5 crore) through asset monetisation as well as receipt of subsidy claims, which is also likely to support the debt protection metrics, once completed. The group is planning for large capex plans over the medium term, which is at a nascent stage at present. However, ICRA understands the same would be primarily funded through fund infusion, with limited reliance on external debt. Any large debt-funded capital expenditure or investments, impacting the debt protection metrics and liquidity will be credit negative and would remain the key rating monitorable.

JSIPL is also likely to benefit from the established market position and supplier network of the Group. Besides, the shared branding underscores JSIPL's strategic significance to its parent. While reaffirming the ratings, ICRA has also noted that JSIPL's entire bank debt facilities are backed by a corporate guarantee from JIAPL, which provides additional comfort.

The ratings, however, remain constrained by the company's exposure to risks arising from volatile raw material prices and intense competition, which might constrain the operating margins.

The Stable outlook on the long-term rating reflects ICRA's expectation that the Group's established track record of operations with experienced management will enable JSIPL to implement the ramp up of operations within the estimated time. The same is also likely to help JSIPL ramp up operations to remain self-sufficient in meeting its debt servicing obligations.

Key rating drivers and their description

Credit strengths

Wholly-owned subsidiary of JIAPL, which has a strong financial risk profile – JSIPL, a 100% subsidiary of JIAPL, has a healthy operational and financial risk profile. ICRA expects JSIPL to receive significant operational, financial and management support from JIAPL because of its parentage.

Established track record of promoters in steel industry – The company's promoters have around three decades of experience in the steel industry. JSIPL is likely to benefit from the operational synergies ensuing from JIAPL's cost competitive operations, its established market position and supplier and distributor network.

Credit challenges

Operating losses estimated in FY2025; however it is expected to improve in FY2026- In FY2025, JSIPL commenced the commercial operations of its tube mill project with an annual capacity of 1,50,000 MTPA in phases. ICRA notes that JSIPL's financial performance in FY2025 was lower than earlier envisaged owing to delay in commissioning of its facilities led by late machinery deliveries. However, the entire project was completed in December 2024 and the entity started generating OPBDITA profits from February 2025 onwards. Nonetheless, the entity is estimated to report OPBDITA loss of Rs 6 crore for the full fiscal of FY2025, thus adversely impacting the leverage and debt coverage indicators. In FY2026, the sales volumes are expected to improve significantly, which is likely to result in an improvement in the financial risk profile of the entity. However, credit metrics are likely to remain moderate in the near term atleast. Consequently, the stabilisation of the plant in line with stated operating parameters would remain the key rating monitorable.

Exposed to intense competition and volatility in raw material prices – The company's profitability remains susceptible to the competition prevailing in the market, given the fragmented nature of the steel pipes industry. The electric resistance welded (ERW) pipes market is inherently competitive with the presence of several large established as well as many unorganised players. Further, the profitability is vulnerable to volatility in raw material prices.

Liquidity position: Adequate

The liquidity position of the company remains adequate as the project-related funding risks have been addressed with the tying up of the entire debt requirement for the project worth Rs. 65 crore. Further, the working capital limits of Rs. 50 crore are also available to meet the working capital requirements. In addition, the funding support from JIAPL to its subsidiary provides additional comfort. Going forward, the liquidity is expected to remain adequate, driven by the expected ramp up of operations, thus generating sufficient cash flows to meet the debt servicing requirement of the entity. Furthermore, JIAPL ability to provide need-based funding to JSIPL also support the liquidity position.

Rating sensitivities

Positive factors – Significant ramp-up of operations resulting in a significant improvement in earnings, debt-protection metrics and liquidity position of the entity. An improvement in the credit profile of the parent could also be a positive factor.

Negative factors – Pressure on the ratings could arise if the company is unable to ramp up the operations, resulting in sustained operating losses and weak debt coverage indicators. Further, a deterioration in the credit profile of the parent and/or weakening in linkages/ strength of support from the parent could be negative rating triggers.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Iron & Steel
Parent/Group support	Group Company: Jaideep Ispat & Alloys Private Limited (JIAPL) The ratings factor in ICRA's expectation that JIAPL (rated [ICRA]A+(Stable)/A1) would be willing to extend financial support to JIAPL, if there is a need.
Consolidation/Standalone	Standalone

About the company

Jaideep Steelworks India Pvt Ltd, a 100% subsidiary of Jaideep Ispat & Alloys Private Limited, is setting up a 1,50,000-MTPA installed capacity greenfield project by establishing tube mills for manufacturing electric resistance welded (ERW) pipes from hot rolled carbon steel coils at Pithampur. In FY2025, JSIPL commenced the commercial operations of its tube mill project with an annual capacity of 1,50,000 metric tonnes per annum (MTPA) in phases. Phase 1 commenced in March 2024, Phase 2 commenced in April 2024 and Phase 3 commenced in December 2024.

Key financial indicators (audited)

JSIPL (Standalone)	FY2024	FY2025*
Operating income	0.1	93.9
PAT	-2.2	-19.8
OPBDIT/OI	NM	-6.5%
PAT/OI	NM	-21.1%
Total outside liabilities/Tangible net worth (times)	5.9	1.7
Total debt/OPBDIT (times)	-139.7	-30.9
Interest coverage (times)	-1.2	-0.5

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	June 17 2025	Date	Rating	Date	Rating	Date	Rating
Fund Based – Cash Credit	Long Term	50.00	[ICRA]A (Stable)	-	-	22-MAR-2024	[ICRA]A (Stable)	-	-
Fund Based – Term Loan	Long Term	65.00	[ICRA]A (Stable)	-	-	22-MAR-2024	[ICRA]A (Stable)	-	-
Non Fund Based - Others	Short Term	1.40	[ICRA]A2+	-	-	22-MAR-2024	[ICRA]A2+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Long-term– Cash Credit	Simple
Short -term Non fund-based –others	Very Simple

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	Long Term - Fund Based – Term Loan	FY2024	NA	FY2034	65.00	[ICRA]A (Stable)
NA	Long Term - Fund Based – Cash Credit	NA	NA	NA	50.00	[ICRA]A (Stable)
NA	Short Term - Non Fund Based – Others	NA	NA	NA	1.40	[ICRA]A2+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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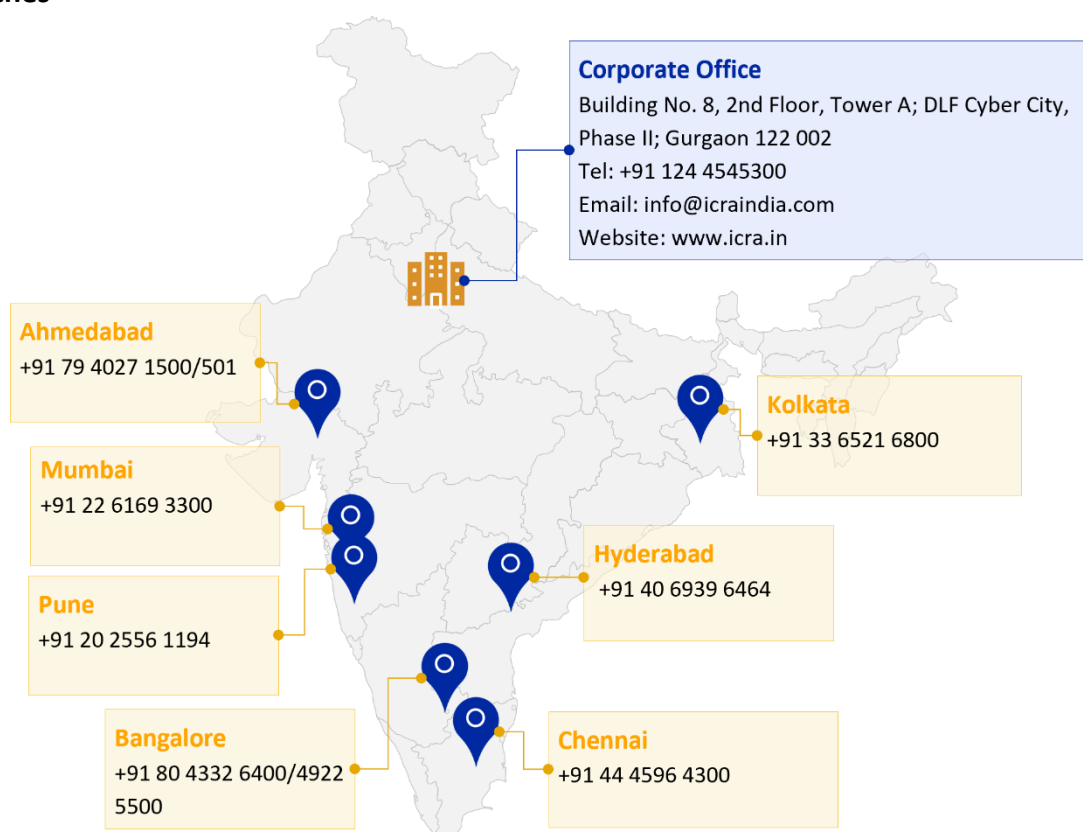
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