June 17, 2025

Jaideep Ispat & Alloys 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 – Cash Credit	197.00	197.00	[ICRA]A+ (Stable); reaffirmed
Long Term – Fund Based - Term Loan	111.45	78.99	[ICRA]A+ (Stable); reaffirmed
Short Term – Non-Fund Based-others	39.00	39.00	[ICRA]A1; reaffirmed
Long Term – Unallocated	68.55	-	-
Short Term - Fund Based (Corporate bill discounting)	15.00	15.00	[ICRA] A1; reaffirmed
Long term- Fund based- Cash credit	-	30.00	[ICRA]A+ (Stable); reaffirmed
Long term /Short term-Unallocated	-	71.01	[ICRA]A+ (Stable)/ [ICRA]A1; reaffirmed
Total	**431.00**	**431.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings reaffirmation continues to consider the long track record of the promoters in the thermo-mechanically treated (TMT) bar manufacturing business and an established market position of Jaideep Ispat & Alloys Private Limited's (JIAPL) brand, Moira Sariya in Madhya Pradesh. This is supported by a strong distribution network, regular capacity addition and optimum utilisation of the same. The ratings also factor in the diversified product profile post addition of the wire rod plant in September 2021. In addition, the widening of geographical reach into Gujarat and Rajasthan further strengthens the operating profile and provides revenue visibility.

On a consolidated basis, in FY2025, while the revenue remained flat at ~Rs. 2700 crore, the operating margin has improved owing to cost reduction initiatives along with incremental gains due to improvement in scrap processing, despite the moderation witnessed in the TMT prices. However, the total debt has increased, primarily due to elevated capital expenditure requirements for the completion of the expansion project in JAIPL along with ERW pipe project as well as investments to support the future expansion plans in the subsidiary entity- Jaideep Steelworks India Private Limited (JSIPL). The higher debt position impacted the leverage and coverage indicators as reflected by the estimated TD/OPBDITA of 2.6 times and Interest coverage of 4.6 times compared to 1.8 times and 6.0 times respectively in FY2024.

In FY2026, the consolidated OPBDITA is expected to improve, supported by higher sales volume in the standalone business following the completion of the expansion project. Additionally, significant turnaround in financial performance is expected in JSIPL, compared to operating losses reported in FY2025. Higher profits, along with no major capital expenditure envisaged in FY2026, is likely to support the leverage and coverage metrics of the consolidated entity. In addition, the entity's plans to deleverage the term loans in JSIPL through asset monetisation as well as receipt of subsidy claims 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.

The ratings, however, are constrained by the cyclicality inherent in the steel business and intense competition in the industry, which makes margins and cash flows vulnerable to fluctuations in prices and demand. The company is also exposed to forex fluctuation risk as a portion of the raw materials is imported, however, prudent hedging policy adopted by the company (80% exposure remains hedged) provides comfort. Lack of vertical integration of operations and absence of captive power plant expose the company's profits to fluctuations in raw material prices and result in lower control over the cost structure. However, availability of power at subsidised rate provides comfort to an extent.

The Stable outlook on the [ICRA]A+ rating reflects ICRA's opinion that JIAPL will be able to improve its penetration in new markets and increase sales volumes from the enhanced capacities, which will generate healthy cash flows, going forward.

Key rating drivers and their description

Credit strengths

Addition of new products and geographies supports revenue growth – JIAPL has been able to successfully diversify its product profile with the commencement of commercial operations of the wire rod plant in September 2021, which has been stabilised and is running at high-capacity utilisation in the current fiscal. It has also widened its geographical presence to Gujarat and Rajasthan, which has aided volume growth. The current capacity expansion is likely to support its volumes in the coming years, resulting in an improvement in revenues.

Improvement in operating profits in FY2025; expected to increase in FY2026- On a consolidated basis, in FY2025, while the revenue remained flat at ~Rs. 2711 crore, the operating margin has improved to 5.6% from 4.7% reported in FY2024, owing to cost reduction measures along with incremental gains due to improvement in scrap processing, despite the moderation witnessed in the TMT prices. The improvement in standalone business partially offset the operating losses of ~Rs 6 crore in JSIPL. In FY2026, the consolidated OPBDITA is expected to improve, supported by higher sales volume in the standalone business following the completion of the expansion project. Additionally, significant turnaround in financial performance is expected in JSIPL, compared to operating losses reported in FY2025.

Established distribution network of dealers, distributors and stockists – The company has a strong distribution network with over 550 dealers, which has enabled strong growth during the last four to five years. Among these dealers, approximately 250 are exclusive dealers, which deal only with the Moira brand. The company has also partnered with Ultra-tech Cement across the Ultra-tech Building Solutions (UBS) counters in Madhya Pradesh, Rajasthan and Gujarat.

Established track record of promoters in steel industry – The company's promoters have around three decades of experience in manufacturing ingots, billets, TMT bars and have also started selling wire rods. This has enabled the company to establish its brands, Moira Sariya and 24K, in Madhya Pradesh by setting up a strong distribution network. The company also sells billets and TMT bars in Gujarat and Rajasthan and has been receiving good response.

Credit challenges

Moderation in leverage and debt coverage metrics in FY2025; however, is expected to improve in FY26.

JIAPL's total consolidated debt increased in FY2025, primarily due to elevated capital expenditure requirements for the completion of the expansion project in JAIPL along with ERW pipe project as well as investments to support the future expansion plans in the subsidiary entity- Jaideep Steelworks India Private Limited (JSIPL). The higher debt position impacted the leverage and coverage indicators as reflected by estimated TD/OPBDITA of 2.6 times and interest coverage of 4.6 times compared to 1.8 times and 6.0 times respectively in FY2024.

In FY2026, the expected improvement in OPBDITA along with no major capital expenditure plans, is likely to support the leverage and coverage metrics of the consolidated entity. In addition, the entity's plans to deleverage the term loans in JSIPL through asset monetisation as well as receipt of subsidy claims is also likely to support the debt protection metrics, once completed. Any large debt-funded capital expenditure or investments, impacting the debt protection metrics and liquidity will be a credit negative and would remain the key rating monitorable.

Inherently moderate profitability due to highly commoditised products – Limited value addition, commoditised nature of the offering and price-based competition in the TMT bars industry keep the operating profitability under check. The profitability is also vulnerable to volatility in the prices of key raw materials due to cyclicality associated with the steel industry. However, the risk is mitigated to some extent as the company quotes the price of finished products on the basis of the weighted average cost of raw materials procured.

Lack of vertical integration – Due to lack of vertical integration and absence of any captive source of raw material and power, the company is exposed to price and supply risks, which lead to lower control over the cost structure.

Exposed to cyclicality in the steel industry and forex risks – The steel industry is cyclical and intensely competitive, as a result of which its margins and cash flows remain vulnerable to fluctuations in prices and demand. The company is also exposed to forex fluctuation risk as a portion of its raw materials is imported. However, prudent hedging policy adopted by the company (80% exposure remains hedged) provides comfort.

Liquidity position: Adequate

The Group's liquidity position is **adequate** with comfortable cash accruals of over ~Rs. 89 crore from business operations in FY2025. However, the elevated capital expenditure requirement of ~ Rs 173 crore along with debt repayment of Rs 24 crore on the consolidated entity in FY2025, impacted the liquidity position to an extent. Nonetheless, the expected improvement in cash flow from operations in FY2026 along with limited capex is likely to be sufficient to meet the debt repayment requirement of Rs 32.1 crore. The cushion available in the working capital limits has also improved in the recent months with average utilisation of 77% in May 2025.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if JIAPL can strengthen its scale of operations and operating profitability, thereby improving its debt protection metrics & liquidity position. A specific credit metric for ratings upgrade would be Total debt/OPBITDA of less than 1.5 times on a sustained basis.

Negative factors – ICRA may downgrade JIAPL's ratings on sustained weakening of earnings adversely impacting debt coverage metrics & liquidity. Also, any large debt funded capex/ investment significantly impacting liquidity would be an additional trigger. A specific credit metric for ratings downgrade would be DSCR of less than 2.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Iron & Steel
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of JIAPL as enlisted in Annexure -II

About the company

JIAPL manufactures billets, TMT bars and wire rods from its plant at Pithampur (Madhya Pradesh). The company, along with its manufacturing facilities, was taken over by the Singhania and Todi families in 2006. It has a manufacturing capacity of

6,25,000 metric tonnes per annum (MTPA) for billets which has been expanded to 7,20,000 MTPA and 5,62,500 MTPA for TMT bars/ wire rods which has increased to 6,48,000 MTPA. The company uses a mix of scrap and sponge iron to manufacture billets and TMT bars/ wire rods. JIAPL sell sits products under the brand name, Moira Sariya and 24K, through a network of distributors in Madhya Pradesh.

Key financial indicators

JIAPL	FY2023	FY2024	FY2025#	FY2023	FY2024	FY2025*
		Consolidated			Standalone	
Operating income	2,749.7	2697.0	2711.3	2,749.7	2,696.9	2,617.4
PAT	88.4	68.2	69.0	89.1	73.1	88.8
OPBDIT/OI	5.4%	4.7%	5.6%	5.4%	4.7%	6.0%
PAT/OI	3.2%	2.5%	2.5%	3.2%	2.7%	3.4%
Total outside liabilities/Tangible net worth (times)	0.7	0.6	0.7	0.7	0.6	0.6
Total debt/OPBDIT (times)	1.7	1.8	2.6	1.7	1.5	1.8
Interest coverage (times)	10.2	6.0	4.6	10.2	6.1	6.5

*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; # Estimated*

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	197.00	**[ICRA]A+ (Stable)**	-	-	21-MAR-2024	[ICRA]A+ (Stable)	24-FEB-2023	[ICRA]A+ (Stable)
Fund Based - Cash Credit	Long Term	30.00	**[ICRA]A+ (Stable)**	-	-	-	-	-	-
Unallocated	Long Tem/Short Term	71.01	**[ICRA]A+ (Stable)/ [ICRA]A1**	-	-	-	-	-	-
Fund Based- Term Loan	Long Term	78.99	**[ICRA]A+ (Stable)**	-	-	21-MAR-2024	[ICRA]A+ (Stable)	24-FEB-2023	[ICRA]A+ (Stable)
Unallocated	Long Term	0.00	-	-	-	21-MAR-2024	[ICRA]A+ (Stable)	24-FEB-2023	[ICRA]A+ (Stable)
Fund Based (Corporate Bill Discounting)	Short Term	15.00	**[ICRA]A1**	-	-	21-MAR-2024	[ICRA]A1	-	-
Non Fund Based- Others	Short Term	39.00	**[ICRA]A1**	-	-	21-MAR-2024	[ICRA]A1	24-FEB-2023	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund-Based – Cash Credit	Simple
Long Term – Fund Based - Term Loan	Simple
Short Term – Non-Fund Based-others	Very Simple
Long Term – Unallocated	Not Applicable
Short Term - Fund Based (Corporate bill discounting)	Very Simple
Long term- Fund based- Cash credit	Simple
Long term /Short 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	**Long Term - Fund-Based – Cash Credit**	NA	NA	NA	197.00	[ICRA]A+(Stable)
NA	**Long Term – Fund Based - Term Loan**	April 2017	NA	FY2033	78.99	[ICRA]A+(Stable)
NA	**Short Term – Non-Fund Based**	NA	NA	NA	39.00	[ICRA]A1
NA	**Short Term - Fund Based (Bill Discounting)**	NA	NA	NA	15.00	[ICRA]A1
NA	**Long term- Fund based- Cash credit**	NA	NA	NA	30.00	[ICRA]A+ (Stable)
NA	**Long term /Short term- Unallocated**	NA	NA	NA	71.01	[ICRA]A+ (Stable)/ [ICRA]A1

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	Ownership	Consolidation Approach
Jaideep Ispat and Alloys Private Limited	Holding Company	Full Consolidation
Jaideep Steelworks India Private Limited	Subsidiary (100%)	Full Consolidation
Moira Welfare Foundation	Subsidiary (100%)	Full Consolidation
Jaideep Metallics & Alloys Private Limited	Joint Venture (50%)	Equity Method

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Vikram V
+91 40 6939 6410
vikram.v@icraindia.com

Sumit Jhunjhunwala
+91 33 6521 6814
sumit.jhunjhunwala@icraindia.com

Giteeka Pai
+91 22 6169 3362
giteeka.pai@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

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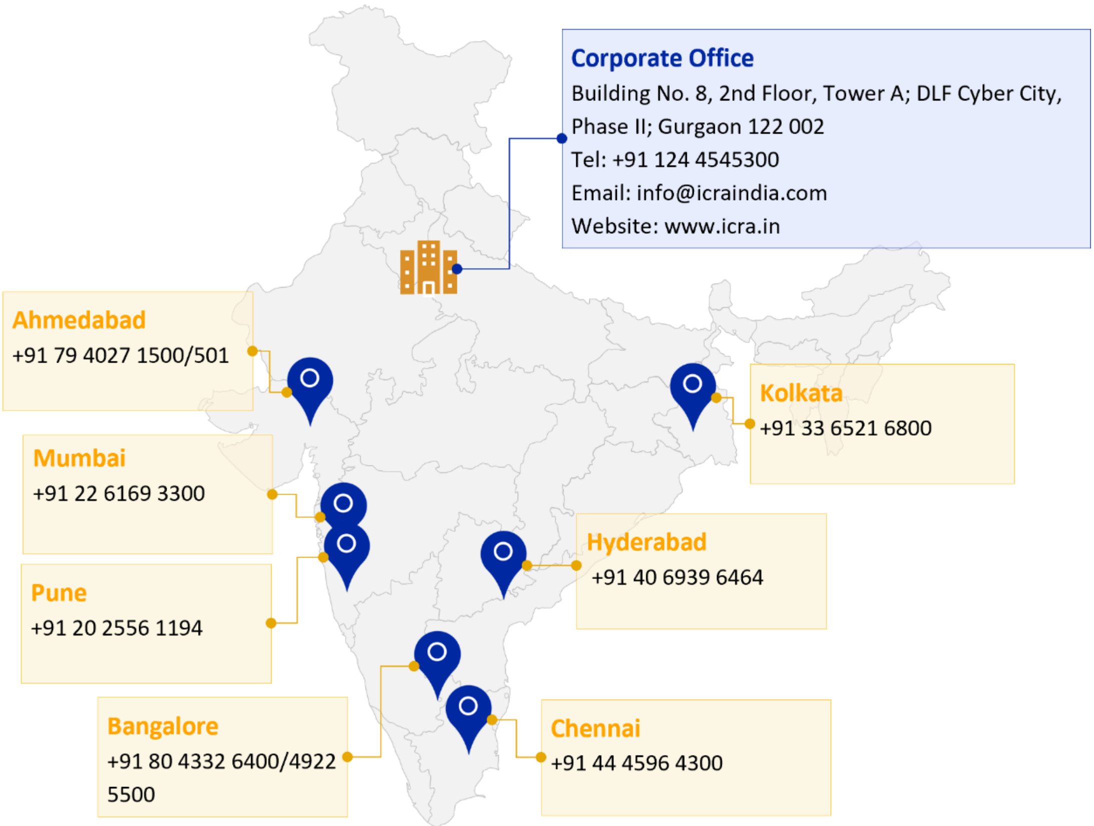

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