

December 16, 2025

## J.R. Metal Chennai Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Cash credit	15.00	30.00	[ICRA]BBB+ (Stable); Reaffirmed/Assigned for enhanced amount
Letter of credit	115.00	200.00	[ICRA]A2; Reaffirmed/Assigned for enhanced amount
Term loans	60.00	60.00	[ICRA]BBB+ (Stable); Reaffirmed
<b>Total</b>	<b>190.00</b>	<b>290.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

For arriving at the ratings, ICRA has factored in the consolidated financial profile of J.R. Metals Chennai Limited (JRM/the company) and its 100% overseas subsidiary, J.R. Metaux MG Sarlu. These entities are collectively referred to as the J.R. Group of Companies.

The ratings reaffirmation considers the extensive experience of JRM's promoters in the steel industry, the company's established relationships with customers and suppliers and its diversified customer base. In FY2025, while the revenue and margins moderated owing to significant correction witnessed in average realisation of TMT bars, the debt protection metrics continued to remain healthy driven by lower debt position. In addition, the significant cost savings emanating from renewable power assets also supported the overall profits. In FY2026, the volumes are expected to increase driven by expected commencement of new capacities in Q4FY2026, which is expected to fully ramp up from FY2027 onwards. While the realisations remained subdued in recent months, the spread (between TMT prices and scrap prices) continued to remain comfortable. In addition, the new renewable capacity of 9 MW has commenced from August 2025, which is likely to result in further cost savings for the entity. This, along with its prudent expansion plans, majorly towards setting up renewable power assets, would keep the leverage and debt protection metrics at comfortable levels going forward. The company's financial profile is characterised by a healthy capital leverage with an estimated TOL/TNW of 0.1 times as on March 31, 2025, and comfortable debt coverage metrics with an interest coverage of 8 times in FY2025. The company recorded a sales of ~Rs. 443 crore at an operating margin ~10% in H1 FY2026.

The ratings are, however, constrained by the intense competition in the fragmented and commoditised TMT bars segment, which limits its pricing flexibility and exposes the company to any fluctuations in raw material prices and forex rates, especially in the absence of any hedging strategy. In addition, the company's modest scale of operations makes it vulnerable to any sustained period of industry downturn. JRM's business also remains vulnerable to the inherent cyclicality in the steel sectors, which is likely to keep its cash flows volatile. Further, ICRA notes the stabilisation risks associated with the capacity enhancement project along with any other large debt-funded capital expenditure which will remain a key credit sensitivity.

The Stable outlook on the long-term rating indicates ICRA's expectations that JRM's profits are likely to remain at healthy levels, going forward, which would aid the company to keep its credit metrics at a comfortable level.

## Key rating drivers and their description

### Credit strengths

**Healthy growth in capacity; partial backward integration into manufacturing of billets and sponge iron supports cost competitiveness** — JPMC has incurred ~Rs. 55 crore of capex over the last three fiscals towards construction of a new furnace. Once operational the company's total capacity will reach 3,00,000 MT. It is currently undergoing trial runs and is awaiting consent to operate (CTO), which is expected to take another 4-5 months and the commercial operations are likely to commence from Q4 FY2026. While the benefit from new capacities would be limited to one quarter in the current fiscal, the major benefits would be reflected from FY2027 onwards, supporting the revenue and profits of the entity.

**Enhancement of the captive solar power capacity is expected to lead to sizeable structural cost savings**— JPMC has started the second phase of solar expansion (a 9MW plant) in August 2025 bringing the entity's overall solar capacity to 34MW. This is expected to bring in an additional Rs. 7 to 8 crore of savings in power costs. The entity is also in an advance stage of setting up group captive arrangement with various platforms, wherein they would be able to source solar power at low rates. Going forward, the entity has plans to double its solar capacity to meet 50% of its total power requirement through solar capacity. The solar capacities are likely to bring in significant savings for the entity.

**Extensive track record of promoters** – The J.R. Group is involved in the manufacturing of rebar and related products since 1990 through Narayan Industries. The extensive experience and established relationships of the promoters with their major customers have supported JRM to garner repeat orders, including from Government agencies.

**Comfortable capital structure and debt coverage metrics** – The company's financial profile is comfortable, marked by a low gearing and healthy coverage indicators as reflected by TD/OPBDITA of \*\*times and interest coverage of \*\*times in FY2025. Healthy profits and calibrated approach towards expansion is likely to keep leverage and coverage indicators healthy in the medium term. Any large debt-funded capital expenditure impacting leverage and coverage metrics would remain a key credit sensitivity.

### Credit challenges

**Moderation in margins in FY2025 owing to decline in realisation**— While TMT sales volume grew by ~2% in FY2025, a sharp correction in TMT prices (a YoY decline of ~5.5%), led to a decline in the total operating income from Rs 1022 crore to ~Rs 952 crore along with weakening of operating margin to around 9% in FY2025 from 12% reported in FY2024. Consequently the performance remained weaker than earlier expectation. Nonetheless, the debt protection metrics continued to remain healthy driven by lower debt position. In FY2026, while the realisations remained subdued in recent months, the spread (between TMT prices and scrap prices) continued to remain comfortable, which is likely to support the profits.

**Intense competition in fragmented TMT market; modest scale of operations makes the company vulnerable to any prolonged industry downturn** – JRM, operating in a highly fragmented industry, is exposed to intense competition from a number of established and small TMT manufacturers. This restricts its pricing flexibility to an extent, making the company's operating margins vulnerable to any fluctuations in raw material prices. Moreover, the company's modest scale of operations makes it vulnerable to any prolonged period of industry downturn.

**Susceptibility of margins to foreign exchange rate fluctuation risks** - JRM's operations are raw-material intensive with raw materials and consumables consumption accounting for over 75% of its operating income (OI) during the last five fiscals. It imports a predominant share of the total scrap from overseas suppliers, which exposes the company to fluctuations in exchange rates, especially in the absence of any hedging strategy.

**Earnings exposed to inherent cyclicality of steel industry**– The company’s operations are vulnerable to any adverse changes in the demand-supply dynamics in the end-user industries such as infrastructure and real estate, among others. The cyclicality inherent in these sectors is likely to keep the company’s profits and cash flows volatile.

### Liquidity position: Adequate

JRM’s liquidity is expected to remain adequate, with minimal utilisation of working capital lines. The company has LC facility of Rs. 115 crore to fund its raw material procurements, with a utilisation level of ~80% on an average, however the same has been enhanced to Rs. 150 crore providing comfortable cushion. The repayment obligation also remains modest at ~Rs. 13 and ~Rs. 15 crore in FY2026 and FY2027 compared to the entity’s cash flow generation. This, along with adequate drawing power and healthy relationship of the company with the lenders, further supports the overall liquidity profile of the company.

### Rating Sensitivities

**Positive Factors** – The ratings could be upgraded if the company demonstrates significant improvement in scale and sustained high profitability, resulting in healthy credit metrics and improvement in liquidity position.

**Negative Factors** – Pressure on the ratings could arise if the liquidity position/ credit metrics weakens due to any significant decline in earnings or worsening of the WC cycle. Further, any sizeable incremental support to Group entities or large debt-funded capex could also lead to ratings downgrade. Specific credit metrics that could lead to ratings downgrade include an increase in TOL/TNW by more than 1.5 times, on a sustained basis.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Iron &amp; Steel</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Consolidated financial statements of the issuer as per Annexure II

### About the company

J.R. Metal Chennai Limited (JRM) established in 2008 is the flagship company of the J.R. Group of companies founded by Mr. Ramchander Singh, the Group Chairman. JRM is engaged in the manufacture of Thermo-Mechanically Treated (TMT) bars and operates a fully mechanised manufacturing facility in Thiravallur Dist., Tamil Nadu with a production capacity of 1,80,000 MTPA (increased from 1,60,000 in the last fiscal and expected to increase to 3,00,000 MTPA with the setting up of another rolling mill and furnace in the existing facility). JRMCL also has backward integrated into the manufacture of mild steel (MS) billets with a capacity of 1,60,000 MTPA (expected to increase to 3,00,000 MTPA as mentioned above). Further, JRM also has a captive solar power capacity of 34 MW (enhanced from 25 MW in the last fiscal). The company markets the TMT bars under the brand name ‘JRTMT’. The company is an ISO 9001:2015 certified company, and its products also bear the ISI mark.

### Key financial indicators (audited)

JRMCL	Consolidated		Standalone		
	FY2023	FY2024	FY2023	FY2024	FY2025*
Operating income	1,014.6	1,091.4	963.0	1021.9	951.7
PAT	53.3	77.5	52.9	75.4	32.4
OPBDIT/OI	8.2%	11.8%	8.1%	12.1%	9.2%
PAT/OI	5.2%	7.1%	5.5%	7.4%	3.4%
Total outside liabilities/Tangible net worth (times)	1.4	0.9	1.3	0.9	0.6

<b>Total Debt/OPBDIT (times)</b>	1.8	1.0	1.9	1.0	1.3
<b>Interest coverage (times)</b>	16.8	9.9	17.0	9.0	8.0

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs crore; \*Provisional numbers

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Type	Current rating (FY2026)				Chronology of rating history for the past 3 years					
		Amount rated (Rs crore)	Dec 16, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	30.00	[ICRA]BBB+ (Stable)	Aug 26, 2025	[ICRA]B BB+ (Stable)	Aug 12, 2024	[ICRA] BBB+ (Stable)	May 17, 2023	[ICRA] BBB (Stable)	-	-
Fund Based-Term Loan	Long Term	60.00	[ICRA]BBB+ (Stable)	Aug 26, 2025	[ICRA]B BB+ (Stable)	Aug 12, 2024	[ICRA] BBB+ (Stable)	May 17, 2023	[ICRA] BBB (Stable)	-	-
Non Fund Based-Others	Short Term	200.00	[ICRA]A2	Aug 26, 2025	[ICRA]A 2	Aug 12, 2024	[ICRA] A2	May 17, 2023	[ICRA] A3+	-	-
Fund Based-Cash Credit	Short Term			-	-	-	-	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash Credit	Simple
Letter of Credit	Simple
Term Loans	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	Cash Credit	-	8.9%	-	30.00	[ICRA]BBB+ (Stable)
NA	Letter of Credit	-	-	-	200.00	[ICRA]A2
NA	Term Loans	Drawn down in FY2023	NA	FY2029	60.00	[ICRA]BBB+ (Stable)

Source: Company: NA: Not available

[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
J.R. Metaux MG Sarlu	100.00%	Full Consolidation

Source: Company

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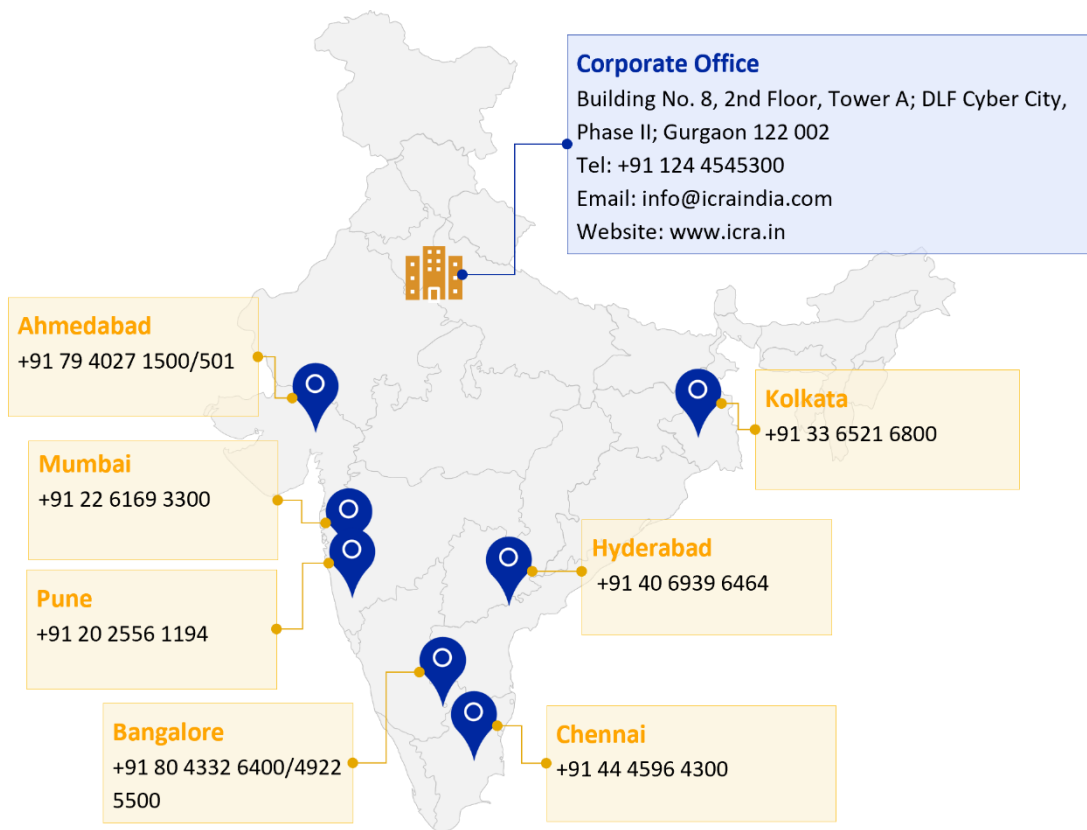
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