



Rating Rationale

JTL INFRA LIMITED

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 47.50 Crores of JTL INFRA LIMITED.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Dec,2018)	Present
Fund Based Cash Credit Limit	10.00	15.00	Long Term	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	BWR BBB+ (Pronounced as BWR Triple B Plus) Outlook : Stable Ratings : Upgraded
Fund Based Packing Credit Limit FDBP/Discount Limit	15.00 (15.00)	15.00 (15.00)	Short Term	BWR A3 (Pronounced as BWR Single A Three)	BWR A3+ (Pronounced as BWR Single A Three Plus) Ratings : Upgraded
Non Fund Based Letter of Credit Letter of Credit (Import) Bank Guarantee	(10.00) 10.00 2.50	(10.00) 15.00 2.50	Short Term	BWR A3 (Pronounced as BWR Single A Three)	BWR A3+ (Pronounced as BWR Single A Three Plus) Ratings : Upgraded
Total	37.50	47.50	INR Forty Seven Crores Fifty Lakhs Rupees Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Complete details of Bank facilities is provided in Annexure-I

Ratings : Long Term & Short Term Rating Upgraded to BWR BBB+ & BWR A3+ for the bank loan facilities of JTL Infra Limited (the company).

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Firm's audited financial results upto FY19, and Projected Financials upto FY21 and available information and clarification provided by the Company. The ratings draw strength from the extensive experience of the promoters in manufacturing of galvanized pipes business, Continuous improvement in revenues Y-O-Y. Comfortable debt service Indicators, Moderate Profitability Margins and Low Gearing level. The ratings, however, is constrained by Inherent risk in steel Industry

and Slowdown in Economy. Going Forward the ability of the Company to maintain its gearing level, and Profitability Margins would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

1. **Long Experience of the Promoters in steel tubes manufacturing business:** Established in 1991, JTL Infra Limited manufacturers Galvanized Pipes, Black Steel Pipe, Solar Modular Structure Products. The Promoters have experience of more than three decades in steel tubes manufacturing business. The company is in existence for 27 years and has seen complete business cycles.
2. **Continuous Growth in Revenues :** The company revenues has increased continuously from last three FYs from Rs 112.79 crores in FY17 to Rs 169.74 crores in FY18 and further improved to Rs 321.86 crores in FY19 (Audited).. The company has high revenue visibility indicated by healthy work order position from various companies.
3. **Comfortable Debt Service Indicators ;** The company has comfortable debt service Indicators with Interest Service Coverage Ratio of 8.06 Times and Debt Service Coverage Ratio of 6.07 Times in FY19.
4. **Moderate Profitability Margins :** The company has moderate profitability margins with Operating Profitability Margins of 7.27% and Net Profitability Margins of 4.51% in FY19.
5. **Low Gearing Level :** The company has low gearing level with TOL/TNW of 1.45 Times in FY19. It has improved as compared to previous year of 2.08 Times due to improvement in equity level.

Credit Weakness:

1. **Inherent Risks in Steel Industry :** The fragmented and low additive nature of steel business result in pressure on margins. The steel industry in India is highly fragmented with the presence of large number of organized and unorganized players.
2. **Slowdown in Economy :** The current slowdown in economy leads to degrowth of various sectors include steel sector, auto sector etc. As there is also a global economic slowdown that is happening and given the fact that India is a net commodity exporter there has been slump in volume of exports.



Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Support from Holding/Subsidiary Firm:

The Firm has Associate concern with the name of Chetan Industries Limited and Jagan Industries Private Limited, There is operational linkages of sales of goods and services of Rs 2.04 crores in FY19 and Purchase of goods and services of Rs 14.00 crores in FY19 but there is no Operational Linkages between them.

Liquidity

The Firm has liquid Investments include Deposits of Rs 1.96 Crores and Cash & Bank Balances of Rs 0.18 crores in FY19. Current ratio was at 1.45 times in FY19. Average working capital utilization for the six months period (February 2019 to July 2019) is 72% for cash credit limit. The conversion cycle has been 58 days in FY19. The Company has nil long term debt. The Company ISCR at 8.06 times and Debt Service Coverage Ratio of 6.07 Times as on March 31, 2019.

Rating Outlook: *Stable*

BWR believes the **JTL Infra Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

JTL Infra Limited was incorporated on July 29,1991 with the name M/s Jagan Tube Limited and later on changed its name to JTL Infra Limited on April 4,2008 having its Head Office at Chandigarh and unit is located at Village Gholumajra, Mohali. The company was also listed on Bombay Stock Exchange.JTL Infra Limited is engaged in manufacturing and exporter of an array of construction and industrial products like Galvanized Pipes, Black Steel Pipe, Solar Modular Structure Products etc and it has also been recognized as Star Export House by Government of India.

Company Financial Performance

Total operating income (TOI) of the Company has Improved from Rs 169.74 Cr in FY18 to Rs 321.86 Cr. in FY19. PAT has improved from Rs 8.04 Cr in FY18 to Rs. 14.50 Cr in FY19.

Key Financial Indicators

Key Parameters	Units	FY19 (A)	FY18 (A)
Result Type			
Operating Revenue	₹ Cr	321.86	169.74
EBITDA	₹ Cr	23.41	14.50
PAT	₹ Cr	14.50	8.04
Tangible Net worth	₹ Cr	44.12	23.54
TOL:TNW	Times	1.45	2.08
Current Ratio	Times	1.45	1.41

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)				Rating History		
		Type (Long Term/ Short Term)	Current Amount (₹ Crs)	Previous Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based Cash Credit Limit	Long Term	15.00	10.00	BWR BBB+ (Pronounced as BWR Triple B Plus) Outlook : Stable Upgraded	BWR BBB (Pronounced as BWR Triple B) Outlook :Stable	NA	N.A
2.	Fund Based Packing Credit Limit FDBP/Discount Limit	Short Term	15.00 (15.00)	15.00 (15.00)	BWR A3+ (Pronounced as BWR Single A Three Plus) Upgraded	BWR A3 (Pronounced as BWR Single A Three)	NA	NA
2.	Non Fund Based Letter of Credit Letter of Credit (Import) Bank Guarantee	Short Term	(10.00) 15.00 2.50	(10.00) 10.00 2.50	BWR A3+ (Pronounced as BWR Single A Three Plus) Upgraded	BWR A3 (Pronounced as BWR Single A Three)	NA	N.A



Total	47.50	37.50	Forty Seven Crores Fifty Lakhs ₹ Only
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Status of non-cooperation with previous CRA (if applicable)- NA

Any other information : Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



DISCLAIMER

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Rationale/Description of Key Rating Drivers/Rating sensitivities: