# John Cockerill India Limited

April 08, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term / Short Term Bank Facilities | 347.50 | CARE BBB; Stable / CARE A3+ | Downgraded from CARE BBB+; Stable / CARE A2 |

Details of instruments/facilities in Annexure-1.

**Rationale and key rating drivers**

The revision in the rating assigned to the bank facilities of John Cockerill India Limited (JCIL) factors in the deterioration in its operational performance in CY24 on account of muted demand for its products and services by the steel industry owing to headwinds in the form of declining realisations amid oversupply and continued uncertainty on the recovery in the industry outlook. The rating action also considers the significant deterioration in financial risk profile of the John Cockerill Group in CY2023 on the back of rising cost for new product development amid muted demand from the global steel industry. JCIL's reported a total revenue of Rs. 389.19 crore in CY24 as against Rs. 666.25 crores in 9M FY24 on account of slow project execution due to industry headwinds. Deferment of capex by leading integrated steel companies owing to price competitive imports and consequent decline in sales realization adversely impacted performance. Consequently, the company's PBILDT margin declined to -0.83% in CY24 due to lower absorption of fixed costs. CARE Ratings understands that company is executing a realignment plan to adapt to evolving market needs which is likely to support its performance over the medium term. Nevertheless, improvement in demand visibility from steel industry translating into renewed capex from integrated steel producers remain key monitorable.

The ratings continue to draw comfort from JCILs' established track record of operations, its global presence and geographical diversification of operations owing to strong parentage, strong order book position providing medium term revenue visibility. The above rating strengths are offset by fixed price nature of the contract exposing the company to increase in input cost, low profitability margin due to competitive nature of the industry, customer concentration risk and inherent cyclicality and prospects correlated with the capex cycle of steel industry.

**Rating sensitivities: Factors likely to lead to rating actions**

**Positive factors**

- Improvement in scale of operations above Rs. 600 crore and PBILDT margin above 3% on a sustained basis translating into adequate accruals

**Negative factors**

- Decline in order book leading to reduced revenue visibility
- Decline in operating profitability of the business below 2% on sustained basis
- Any significant deterioration of the operating cycle

**Analytical approach:** Standalone while factoring in operational and business linkages with the JC Group

**Outlook:** Stable

CARE Ratings expects the company to maintain its operating performance based on the significant order book position providing medium term revenue visibility.

**Detailed description of key rating drivers:**

**Key strengths**

**Strong parentage and established track record of JCIL in industrial construction activity**

JCIL is majorly held by JC group (75% shareholding by John Cockerill group as on December 31, 2024). Headquartered in Belgium, JC group is an international supplier specialising in the production of machinery for steel plants (cold rolling mills, pickling lines, processing lines, automation, and process controls etc.), industrial heat recovery equipment, boilers, defence equipment etc. The operations of the group are classified under the five heads namely: Energy, Defence, Industry, Environment and Services. JCIL has over three decades of experience in the designing, manufacturing, erection and commissioning of cold rolling mill complexes, processing lines, chemical equipment, industrial furnaces and auxiliary equipment meeting global demand for ferrous and non-ferrous industries. Over the years, the company has catered to domestic and international clientele with revenue spread across geographies. The established track record of the company is expected to benefit it in winning new orders and retaining reputed clientele.

**Adequate capital structure**

The company continues to maintain an adequate capital structure with healthy net worth of Rs. 201 crore as on Dec 31, 2024 translating into overall gearing of 0.40x (PY: 0.67x). With access to sizeable customer advances, backed by bank guarantees, the

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

company's reliance on external bank borrowings remains negligible as reflected in nil utilisation of fund-based working capital limits in the last 12 months. JCIL is expected to maintain an adequate capital structure in the coming years.

**Strong order book position with reputed clientele**

JCIL currently has an orderbook worth more than Rs. 700 crores from reputed clientele like Tinplate Company of India Ltd, Jindal India Limited and ArcelorMittal Nippon Steel India Private Limited (rated CARE A1+) etc. The sizeable order book provides medium term revenue visibility. Moreover, the track record of repeat orders from reputed clientele also benefits its business profile. JCIL benefits from an established global presence, which has enabled access to a geographically diverse range of clients. The company exports primarily to countries such as Bangladesh, Spain, US, Mexico, Kenya, Myanmar and Egypt. In CY24, exports contributed approximately 3% to the total revenue.

**Key weaknesses**

**Moderate scale of operations and low profitability**

The company's scale of operations has declined by 42% and stood at Rs. 389 crores in CY24 as against Rs. 666 crores in 9MFY24 (Apr- Dec 23), primarily due to slower order execution amid a challenging market environment. In addition to industry-wide pricing pressure and intense competition, order intake was also affected by global geopolitical tensions, which led to delays in investment decisions and project finalizations by customers, particularly in export-driven markets. As a result, the period saw a cash loss, in contrast to the cash profit recorded during the corresponding period last year. PBILDT margin declined to -0.83% in CY24 mainly due to lower absorption of fixed costs. The company has taken several initiatives to counter the headwinds including reinforcement of its sales team to accelerate order inflow and improvement in operating efficiencies which is expected to support its performance over the medium term. Nevertheless, profitability is expected to remain subdued in the near term due to evolving market environment.

**Customer concentration risk**

The company primarily serves the steel sector, focusing on the design, manufacturing, erection, and commissioning of facilities. Despite some rotation, revenue remains highly concentrated, with the top 10 customers contributing 99% in CY24. This is due to India's limited number of major steelmakers, shaped by high capital requirements, strict regulations and industry consolidation. As a result, the company faces customer concentration risk and any delay or loss of orders from a few key clients could impact revenues and cash flow. While the company has structured its contractual arrangements to include phased payments such as 10%–30% advance on order receipt, milestone-based payments during engineering and dispatch and retention money post-commissioning, the timing and realization of these cash flows remain closely tied to the financial health, capex cycle, and decision-making of a small group of large customers.

**Exposed to input price volatility and inherent cyclicality of the steel industry**

The contracts are fixed price in nature. Thus, the company is exposed to input price volatility. The company tries to mitigate the risk by procuring the materials on receipt of the order. Further the contract execution period is short with timeline typically spanning 1-2 years providing some mitigant. Prospects of steel industry are strongly co-related to economic cycles. Demand for steel is sensitive to trends of industries, viz. automotive, construction, infrastructure and consumer durables, which are the key consumers of steel products. These key user industries in turn depend on various macroeconomic factors, such as consumer confidence, employment rates, interest rates and inflation rates, etc. in the economies in which they sell their products. When downturns occur in these economies or sectors, steel industry may witness decline in demand, thereby impacting volumes, revenue and margins of steel makers. The company is mainly engaged in the design, manufacturing, erection and commissioning of facilities for steel players. Thus, the order book and hence, the performance of the company is primarily dependent on the prospects of the highly cyclical steel industry.

**Liquidity**: Adequate

The liquidity profile remains adequate marked by free cash and liquid investments of Rs. 49 crore as on December 31, 2024. It is projected to generate GCA of Rs. 12-15 crore p.a. over the next 1-2 years. Its debt comprises of customer advances, backed by bank guarantee, worth Rs. 75 crore as on Dec 31, 2024 with no fixed repayment obligations. The utilisation of fund-based limits remained Nil for the twelve months ended November 2024, which provides additional cushion. The current ratio improved slightly at 1.21x as on 31st December 2024 (9MFY24: 1.10x).

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

**Applicable criteria**

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]
[Factoring Linkages Parent Sub JV Group]

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Industrials | Capital Goods | Industrial Products | Other Industrial Products |

Incorporated in 1986, John Cockerill India Limited (JCIL, formerly known as CMI FPE Limited) is promoted by Mr. T R Mehta as Flat Products Equipment India Limited (FPE). In June 2008, FPE was acquired by Cockerill Maintenance and Ingenerie SA group (CMI, now rebranded as JC group). Since then, the company has been a part of the JC group. JCIL designs, manufactures and installs cold-rolling mills, galvanising lines, colour-coating lines, tension levelling lines, skin-pass mills, acid regeneration plants, wet-flux lines and pickling lines for ferrous and non-ferrous industries world-wide. It has two manufacturing facilities at Taloja and Hedavali, in Maharashtra and has global footprints across Asia, Africa, Middle East, Europe, North America, and South America.

| Brief Financials (₹ crore) | March 31, 2023 (A) | December 31, 2023 (A)* | December 31, 2024 (A) |
|---|---|---|---|
| Total operating income | 487.95 | 666.25 | 389.19 |
| PBILDT | 10.90 | 24.64 | -3.25 |
| PAT | 12.89 | 21.64 | -5.38 |
| Overall gearing (times)^ | 1.12 | 0.67 | 0.40 |
| Interest coverage (times) | 5.64 | 10.88 | -1.67 |

A: Audited; Note: these are latest available financial results
*This pertains to 9M CY23 as the company has changed its accounting year to calendar year from CY24
^Includes customer advances backed by bank guarantee reclassified as borrowing

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated**: Annexure-4

**Lender details**: Annexure-5

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|
| Fund-based/Non-fund-based-LT/ST | - | - | - | - | 104.00 | CARE BBB; Stable / CARE A3+ |
| Fund-based/Non-fund-based-LT/ST | - | - | - | - | 243.50 | CARE BBB; Stable / CARE A3+ |

**Annexure-2: Rating history for last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 |
| 1 | Fund-based/Non-fund-based-LT/ST | LT/ST | 104.00 | CARE BBB; Stable / CARE A3+ | - | 1)CARE BBB+; Stable / CARE A2 (07-Mar-24) | 1)CARE BBB+; Stable / CARE A2 (17-Mar-23) | 1)CARE BBB+; Stable / CARE A2 (04-Feb-22)<br><br>2)CARE A-; Negative / CARE A2+ (05-Apr-21) |
| 2 | Fund-based/Non-fund-based-LT/ST | LT/ST | 243.50 | CARE BBB; Stable / CARE A3+ | - | 1)CARE BBB+; Stable / CARE A2 (07-Mar-24) | 1)CARE BBB+; Stable / CARE A2 (17-Mar-23) | 1)CARE BBB+; Stable / CARE A2 (04-Feb-22)<br><br>2)CARE A-; Negative / CARE A2+ (05-Apr-21) |

LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1 | Fund-based/Non-fund-based-LT/ST | Simple |

**Annexure-5: Lender details**

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|---|
| To view the lender wise details of bank facilities please click here |

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

| Media Contact | Analytical Contacts |
| --- | --- |
| Mradul Mishra<br>Director<br>**CARE Ratings Limited**<br>Phone: +91-22-6754 3596<br>E-mail: mradul.mishra@careedge.in<br><br>**Relationship Contact**<br><br>Ankur Sachdeva<br>Senior Director<br>**CARE Ratings Limited**<br>Phone: +91-22-6754 3444<br>E-mail: ankur.sachdeva@careedge.in | Krunal Pankajkumar Modi<br>Director<br>**CARE Ratings Limited**<br>Phone: +91-79-4026 5614<br>E-mail: krunal.modi@careedge.in<br><br>Raunak Modi<br>Assistant Director<br>**CARE Ratings Limited**<br>Phone: +91-22-6754 3537<br>E-mail: raunak.modi@careedge.in<br><br>Aman Goel<br>Rating Analyst<br>**CARE Ratings Limited**<br>E-mail: aman.goel@careedge.in |

**About us:**
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