Diamond TMT & Procon Private Limited

August 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	40.00 (Enhanced from 30.00)	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	1.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Diamond TMT & Procon Private Limited (DTPPL) continues to remain constrained on account of moderate scale of operations and thin profit margins, moderate capital structure and weak debt coverage indicators along with working capital-intensive operations. Further, the ratings continue to remain constrained with susceptibility of margins to volatility in raw material prices and DTPPL's presence in a highly competitive and cyclical steel industry.

The ratings, however, continue to derive strength from experienced management, established brand name along with strong dealership network and adequate liquidity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving Profit Before Interest, Lease Rental, Depreciation and Tax (PBILDT) margin to above 3% on a sustained basis while maintaining scale of operations.
- Improvement in Total debt to Gross cash accruals (TDGCA) to below 5 years on a sustained basis.

Negative factors

- Decline in scale of operations marked by total operating income (TOI) to below Rs.150 crore.
- Deterioration in capital structure marked by overall gearing to above 2x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that company will sustain its overall financial risk profile marked by moderate capital structure and scale of operations.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations and thin profit margins

DTPPL's TOI grew by 6.85% during FY25 and registered moderate revenue of Rs.240.82 crore against Rs.225.37 crore during FY24, driven by volume growth in FY25 over FY24; however, due to declining steel prices in FY25, realizations remained low. During Q1FY26, it registered revenue of ~Rs.89 crore and is expected to achieve around Rs.280–300 crore for FY26 with an expected increase in capacity utilization. The expected growth in TOI also factors in revenue from an agreement with Grasim Industries Limited (GIL; rated CARE AAA; Stable / CARE A1+) wherein DTPPL will undertake commission-based sales to GIL's customers, primarily in the Saurashtra region, Gujarat at prevailing market prices.

DTPPL's profitability remained thin marked by a PBILDT margin of 1.88% in FY25 as against 1.51% in FY24. PBILDT margins have shown declining trend over the past four years ended FY24 due to declining steel prices and a higher inventory holding period. However, going forward, margins are expected to improve with the modification of the reheating furnace resulting in coal consumption along with the installation of a 1 MW solar plant that will lead to savings in power and fuel costs.

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

Moderate capital structure and weak debt coverage indicators

DTPPL's capital structure remained moderate, marked by an overall gearing of 1.24x as on March 31, 2025, as against 1.08x as on March 31, 2024. The moderation in overall gearing is due to an increase in working capital utilization as on the balance sheet date with an increased scale of operations, coupled with an increase in unsecured loans. Currently, DTPPL's debt profile comprises working capital borrowings and unsecured loans; further, it is planning to install a 1 MW rooftop solar plant with a projected cost of Rs. 2.75 crore which will be funded largely through a term debt of Rs. 2.50 crore.

The debt coverage metrics remained weak, marked by an interest coverage ratio of 1.92x during FY25 as against 1.53x for FY24. Total debt/GCA (TDGCA) remained at 17.23 years for FY25 as compared to 18.06 years for FY24.

Working capital intensive nature of operations

DTPPL's operating cycle remained moderate at 65 days in FY25 (FY24: 66 days). The company largely procures raw material viz. ingots and billets from suppliers locally on a cash basis. DTPPL usually maintains total inventory of around 1.5 month and grants 20-25 days of credit period to its customers, thereby leading to moderate working capital requirements.

Susceptibility of margins to volatility in raw material prices

DTPPL is susceptible to the volatility in the prices of steel for both finished goods and the raw material. The major raw material for the company is steel ingots/billets the prices of which are volatile. The company sources its raw material on requirement basis from within Gujarat at the prevailing prices. Although, the company has been able to pass on the fluctuation in raw material prices to its customers to an extent, it is still exposed to the raw material price volatility.

Presence in a highly competitive and cyclical steel industry

TMT bars are used in various industries, with the construction and infrastructure industry being the largest demand segment. Thus, demand for TMT bars is largely linked to demand in the construction and infrastructure (mainly real estate) segment, which closely follows the macroeconomic cycle and is therefore cyclical in nature. Furthermore, there are a large number of small and unorganized players in the TMT bars manufacturing industry. Due to low value addition, presence in the lower segment of the value chain, and the fragmented nature of the industry, the profitability of players engaged in manufacturing TMT bars is inherently thin.

Key strengths

Experienced Management

DTPPL's operations are managed by Mr. Ajay Jain who holds vast experience of more than three decades in steel industry. He has established Diamond Group of Industries engaged into ship recycling since 1990 and steel rolling mill. Mr. Ajay Jain and his son Mr. Akshay Jain has incorporated DTPPL in 2010. Mr. Akshay Jain having more than decade of experience in steel industry and they are supported through well qualified and experienced staff to support day-to-day operations of the business.

Established brand name and strong dealership network

The products of DTPPL are sold under the brand name 'Diamond TMT'. The brand has an established presence in the market especially in Gujarat since more than decade and is amongst the largest brand in TMT bars. The company sells its products viz. steel bars through dealers/distributors. The company has around 50 dealers/distributors in Gujarat. The customer profile of the company is moderately diversified with top 10 customers contributing to ~48% of the total revenue in FY25 and ~44% in FY24. Supplier concentration was reduced to 12% of total purchases contributed by the top 10 suppliers during FY25, against 79% in FY24, on account of DTPPL's reduced reliance on a few large suppliers by including smaller players engaged in the manufacturing and trading of ingots and billets. This approach has benefited the company by providing the advantage of lower pricing from these smaller players.

Liquidity: Adequate

DTPPL's liquidity position remained adequate, marked by moderate gross cash accruals against nil debt repayment obligations in the near term, moderate liquidity ratios and moderate utilization of working capital limits.

During FY25, DTPPL reported GCA of Rs. 1.84 crore (PY: Rs. 1.48 crore) against nil debt repayment obligation in FY26. The current ratio remained moderate at 1.58x as of March 31, 2025, compared to 1.72x as of March 31, 2024. The average utilization of its working capital limits remained moderate at ~75% during the twelve months ended June 30, 2025. The operating cycle remained moderate at 65 days during FY25 (66 days during FY24). However, net cash flow from operations remained negligible at Rs. 0.05 crore during FY25 compared to Rs. 8.26 crore during FY24, due to an increase in receivables. Cash and bank balances remained low at Rs. 0.10 crore as of March 31, 2025 (Rs. 0.07 crore as of March 31, 2024).

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
Iron & Steel

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Bhavnagar (Gujarat) based DTPPL is incorporated on February 25, 2010, by Mr. Ajay Jain and his son, Mr. Akshay Jain. DTPPL has established a steel rolling mill for manufacturing Thermo-mechanically treated (TMT) bars, MS round bars, MS Flat, MS Square etc. with an installed capacity of 108000 Metric Tonnes per annum (MTPA) having application in construction and infrastructure industry. DTPPL sells its products through his brand name of "Diamond TMT". DTPPL belongs to Diamond Group of Industries which constitutes DTPPL and Diamond Industries engaged in ship breaking since 1984 managed by Mr. Ajay Jain.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	223.04	225.37	240.82
PBILDT	4.67	3.41	4.52
PAT	0.84	0.32	0.68
Overall gearing (times)	1.32	1.08	1.24
Interest coverage (times)	1.83	1.53	1.92

A: Audited Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has reviewed the rating assigned to the bank facilities of DTPPL under 'Issuer Not Cooperating' category vide its press release dated August 12, 2024, on account of its inability to carry out a rating exercise in the absence of the requisite information from the company.
Brickworks has reviewed the rating assigned to the bank facilities of DTPPL under 'Issuer Not Cooperating' category vide its press release dated April 03, 2025, on account of its inability to carry out a rating exercise in the absence of the requisite information from the company.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	40.00	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	1.00	CARE A4+

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	40.00	CARE BB+; Stable	-	1)CARE BB+; Stable (06-Mar-25)	1)CARE BBB-; Stable (05-Mar-24) 2)CARE BBB-; Stable (03-Apr-23)	-
2	Non-fund-based - ST-Bank Guarantee	ST	1.00	CARE A4+	-	1)CARE A4+ (06-Mar-25)	1)CARE A3 (05-Mar-24) 2)CARE A3 (03-Apr-23)	-

LT: Long term; ST: 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 - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

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