

JAL PRECISION PRODUCTS LIMITED

January 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	34.50	CARE BB+; Stable	Assigned
Long Term / Short Term Bank Facilities	75.50	CARE BB+; Stable / CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Jal Precision Products Limited (JPPL) are constrained by the company's moderate scale of operations, stretched capital structure following debt-funded capex and elevated working capital borrowings, and moderate debt coverage indicators. The ratings are further constrained by the company's high working capital intensity, customer concentration risk, its presence in a highly competitive and fragmented auto components industry, and susceptibility of margins to volatility in raw material prices.

These constraints are, however, partly offset by the extensive experience of the promoters, established relationships with reputed OEM and export customers, consistently high-capacity utilisation providing near-term revenue visibility, and an adequate, though tightly managed liquidity profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations, with total operating income exceeding ₹250 crore, along with improvement in operating profitability, reflected in PBILDT margin of above 12% on a sustained basis.
- Improvement in interest coverage to 3.00x and above on a sustained basis.

Negative factors

- Deterioration in operating performance marked by sustained decline in profitability, with PBILDT margin falling below 8% on a sustained basis.
- Elongation in the average collection period beyond 150 days on a sustained basis, leading to pressure on liquidity.

Analytical approach: Standalone

Outlook: Stable

The "stable" outlook on the long-term ratings reflects CARE Ratings Limited's (CareEdge Ratings') belief that the company will continue to benefit from its experienced promoters with established track record of operations in the industry and with established relationship with its clientele, enabling it to sustain its financial risk profile in the near-to-medium term.

Detailed description of key rating drivers:

Key weaknesses

Stretched capital structure and moderate debt coverage indicators

JPPL's capital structure remains stretched, marked by an increase in overall gearing to 1.45x as on March 31, 2025 (0.80x as on March 31, 2024), primarily due to higher reliance on external debt for funding working capital requirements and ongoing debt-funded capex. The total outside liabilities to net worth also remained elevated at 2.17x as on March 31, 2025 (1.50x as on March 31, 2024). Gearing further increased to 1.66x as on October 31, 2025, reflecting continued pressure from working capital borrowings.

Debt coverage indicators remain moderate, with PBILDT interest coverage improving marginally to 2.93x in FY25 (2.79x in FY24), supported by better operating profitability. However, leverage indicators remain stretched, as reflected in a high total debt to gross cash accruals (TD/GCA) of 7.41x in FY25 (5.05x in FY24). As on October 31, 2025, PBILDT interest coverage stood at 2.68x, while TD/GCA remained elevated at 7.18x, underscoring the impact of higher debt levels.

Going forward, the company's debt coverage metrics are expected to remain modest, given the elevated debt levels and continued working capital intensity. Improvement in the capital structure and coverage indicators will be contingent upon sustained growth in operating profitability, moderation in working capital requirements, and absence of any further large debt-funded capex.

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

Working capital intensive nature of operations

JPPL's operations are working capital intensive as reflected by Gross Current Asset (GCA) days and working capital cycle of 219 days (PY: 194 days) and 137 days respectively during FY25 (PY: 132 days). Working capital cycle has deteriorated on account of marginal increase in inventory holding period and receivable period which was marginally offset by an increase in creditor period. Inventory holding period was high at 99 days in FY25 (PY: 94 days). The receivable cycle also remains elongated as the company offers a credit period of 90 days. This is reflected in the rising proportion of debtors in FY24–FY25. Receivable period was high at 102 days (PY: 93 days) during FY25, however, the debtors aged more than 180 days stood Nil as on March 31, 2025, and October 31, 2025. The company enjoys a credit period of 60 days from its suppliers. Hence the creditor period availed from suppliers was high at 64 days (PY: 55 days). The high working capital intensity has led to elevated reliance on bank borrowings and near-full utilisation of working capital limits, constraining liquidity and financial flexibility.

Project stabilisation risk

The ratings are constrained by project stabilisation risk associated with the ongoing capacity expansion. The company is undertaking a capex of around ₹33.5 crore, comprising capacity addition in the automotive and the new aerospace and defence segments, along with installation of a solar power plant. As on December 1, 2025, around 86% of the project cost has been incurred, and the balance is expected to be completed within FY26, with commercial operations scheduled to commence in FY27. While the project is progressing largely as planned, the benefits of the expansion are yet to be fully reflected in the operating and financial performance. Further, the introduction of new product categories, particularly in the aerospace and defence segment, involves longer qualification and approval cycles, which adds to ramp-up risk.

The project is partly debt-funded, which has led to an increase in leverage in the near term. Accordingly, the company's ability to achieve timely stabilisation of the expanded capacity and generate adequate incremental cash flows remains a key credit monitorable.

Highly competitive with fragmented nature of auto components industry

JPPL operates in the highly competitive and fragmented auto components industry, characterised by the presence of a large number of organised and unorganised players. The organised segment primarily caters to OEMs, while the unorganised segment largely serves the replacement market and lower-tier suppliers. Intense competition within the organised segment results in customer-driven pricing, limited pricing flexibility, and pressure on margins, particularly for Tier-II component manufacturers.

This competitive intensity constrains the company's ability to pass on cost increases fully and limits scope for sustained margin expansion, thereby impacting overall profitability and cash flow resilience.

Profitability susceptible to raw material price volatility

JPPL's profitability remains susceptible to volatility in raw material prices, particularly steel, which constitutes a key input for the company. Steel prices are influenced by domestic and global demand–supply dynamics, leading to periodic fluctuations that can impact operating margins.

While the company has arrangements with OEM customers wherein raw material prices are largely settled by the OEMs with steel suppliers, and corresponding price revisions are implemented, the pass-through is not always immediate or complete. Consequently, the company remains exposed to timing mismatches, inventory holding risk, and short-term margin pressure, especially in periods of sharp price movements. This exposure also has implications for working capital requirements.

Key strengths**Experienced promoters and management team**

JPPL has been promoted by the Patodia family and has been in operations for over four decades. The promoters have strong technical expertise in precision machining and have demonstrated an ability to scale operations, manage customer relationships with reputed OEMs, and execute capacity expansion projects. The company is supported by a professional management team overseeing operations and finance, which provides stability to business and financial performance.

Established relationship with reputed clientele base, albeit with customer concentration risk

JPPL's established relationships with reputed OEM customers, reflected in repeat orders and stable demand over the years. The company supplies precision-machined components to leading OEMs such as Bajaj Auto and international customers including Eaton Corporation, which together accounted for around 30% of the total operating income in FY25. JPPL caters to multiple end-user segments including two-wheelers, tractors, utility vehicles, and construction equipment, providing some diversification across application segments.

However, the company's revenue profile remains concentrated, with the top five customers accounting for 47.69% of TOI in FY25 (PY: 40.28%). While the concentration risk is partly mitigated by long-standing customer relationships, approved-vendor status, and long product qualification cycles, the company remains exposed to volume fluctuations from a limited set of customers. Diversification of the customer base over the medium term would be a key credit monitorable.

Improved yet moderate scale of operation and profitability

Total Operating Income (TOI) grew at a compounded annual growth rate (CAGR) of 16.74% in last 5 years ended FY25. TOI grew by 11% to Rs.176.49 crore in FY25 over FY24 on account of improved demand from customers as indicated by a y-o-y volume growth of 8.24%, and improvement in sales realisation. It has also reported TOI of Rs. 116.99 crore in 7MFY26 as compared to Rs.87.41 crore in H1FY25. It has moderate networth base, which stood at Rs. 53.14 crore as on March 31, 2025.

The moderate scale, coupled with the fragmented and competitive nature of the precision-machining industry, constrains pricing flexibility and operating leverage. Although the company expects scale improvement following the recent capacity expansion, the benefits will be contingent upon timely ramp-up and sustained demand from key customers.

JPLL's operating profitability remains moderate and volatile within the range of 7-11% in the past three years ended FY25. The margin improved to 10.54% in FY25, aided by lower energy costs and improved volumes; however, the company continues to operate in a competitive precision-machining segment with limited pricing flexibility, which constrains margin expansion. Profit after Tax (PAT) margin stood modest on account of moderate interest and depreciation costs. Return on capital employed (ROCE) stood moderate at 10.31% during FY25 (PY: 9.2%) with a fixed asset turnover of 1.31x during FY25 (PY: 1.3x). Sustenance of profitability remains sensitive to demand conditions, input cost movements, and the company's ability to maintain high-capacity utilisation. Any adverse movement in these factors could impact margins and cash accruals.

Liquidity: Stretched

The liquidity position of the company is stretched, with high utilisation of working capital limits, modest free cash and bank balance and sufficient cash accruals against debt repayment obligations. The company had free cash and bank balance of Rs. 6.08 crore (including free FDs of Rs. 5.90 crore) as on March 31, 2025, and Rs. 1.87 crore as on October 31, 2025. The working capital utilisation stood almost fully utilised for the past 12 months ended November 2025. The cash accruals are expected to remain sufficient against principal debt repayment obligations of ₹7-8 crore in FY26-FY28. The current ratio stood moderate at 1.16x while quick ratio stood at 0.68x as on March 31, 2025 (against 1.32x and 0.69x, respectively, as on March 31, 2024). The cash flow from operations (CFO) stood at ₹7.62 crore in FY25 (against ₹2.00 crore in FY24).

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](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

JAL Precision Products Limited (JPPL), formerly Jagadamba Auto-Components Limited, is a Pune-based public limited company incorporated in October 1984. The company is engaged in the manufacturing of precision-machined components such as gears, shafts and related parts catering primarily to the automotive, farm equipment, hydraulic and marine equipment industries. JPPL is also in the process of expanding into the aerospace and defence machining segment, which is expected to contribute meaningful volumes only over the medium term given the longer qualification and approval cycle.

The company operates a single manufacturing facility in Pune with an installed capacity of 1.17 crore pieces per annum as of March 31, 2025. The facility is equipped with CNC machining, gear cutting, heat treatment and quality inspection capabilities. JPPL supplies to domestic OEMs and Tier-I suppliers and exports to select customers in the USA, UK and other countries. The company holds ISO 9001, ISO 14001, ISO 45001, IATF 16949 and AS 9100 certifications, enabling it to serve automotive and emerging aerospace applications.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	October 31, 2025 (UA)
Total operating income	159.35	176.49	116.99
PBILDT*	11.56	18.60	13.62
Profit after tax (PAT)	2.02	3.32	4.54
Overall gearing (x)	0.80	1.45	1.66
Interest coverage (x)	2.79	2.93	2.91

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: India Ratings, placed ratings assigned to bank facilities of JPPL under issuer not cooperating category, vide its press release dated Dec 08, 2025, due to non-submission of No-default statement for three consecutive months.

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 - LT-Term Loan		-	-	Aug - 2030	34.50	CARE BB+; Stable
Fund-based-LT/ST		-	-	-	75.50	CARE BB+; Stable / 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-Term Loan	LT	34.50	CARE BB+; Stable				
2	Fund-based-LT/ST	LT/ST	75.50	CARE BB+; Stable / CARE A4+				

LT: Long term; ST: Short term; 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 - LT-Term Loan	Simple
2	Fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Ujjwal Manish Patel Director CARE Ratings Limited Phone: 079-40265649 E-mail: ujjwal.patel@careedge.in</p> <p>Anup Nandkumar Purandare Assistant Director CARE Ratings Limited Phone: +91 020 4000 9018 E-mail: anup.purandare@careedge.in</p> <p>Pranay Nighukar Lead Analyst CARE Ratings Limited E-mail: Pranay.Nighukar@careedge.in</p>
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