

JINDAL METAL TUBES INDIA PRIVATE LIMITED

January 27, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	46.00 (Enhanced from 21.00)	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	32.00 (Enhanced from 28.00)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of JINDAL METAL TUBES INDIA PRIVATE LIMITED (JMT; Formerly known as Steel and Metal Tubes India Private Limited) continue to derive strength from the company's experienced promoters with long track record of operations, satisfactory financial risk profile though slightly moderated in FY25 (Audited, refers to April 01 to March 31) owing to increase in working capital utilisation and efficient management of working capital. Ratings take cognisance of slight moderation in scales of operations in FY25, despite sustained profitability margins. However, rating strengths are partially offset by supplier concentration risk, susceptibility to fluctuation in raw material price, lower profitability margins, major concentration on single supplier and highly competitive, and fragmented nature of industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations beyond ₹450 crore considering overall improvement in volumes and margins at per tonne level and improvement in profit before interest, lease rentals, depreciation and taxation (PBILD) margin above 4.00% on sustained basis.
- Improvement in solvency position as reflected by total outside liabilities to tangible net worth (TOL/TNW) below 1.15x owing to adequate working capital management and low debt funded capex.

Negative factors

- Deterioration in the solvency position with overall gearing of above unity owing to increased working capital dependence.
- Significant decline in scale of operations or PBILD margins falling below ~2.50%.

Analytical approach: Standalone

Outlook: Stable

The continuation of "Stable" outlook to bank facilities of JMT considers experience and capabilities of the management due to its long track record of operations to mitigate the inherent risk related to suppliers' concentration and competitive nature of industry without compromising much on operational aspects.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations

JMT is promoted by Shankar Lal Aggarwal, Vinod Kumar Aggarwal and Pramod Kumar Aggarwal. Shankar Lal Aggarwal and Vinod Kumar Aggarwal have over four decades of experience in manufacturing and trading steel tubes and pipes and is assisted by Pramod Kumar Aggarwal in the capacity of director since 2015. Promoters are supported by a strong management team having rich experience in their respective verticals. Promoters are resourceful and have shown their ability to infuse funds in the business in the form of unsecured loans of ₹5.37 crore as of March 31, 2025 (PY: ₹4.24 crore).

Slight moderation in scale of operations despite sustained profitability margins in FY25

The entity's scale of operations registered a slight decline of ~6.49% year-on-year, decreasing from ₹323.39 crore in FY24 to ₹302.27 crore in FY25, considering a decline in average sales realisation of steel tubes from ₹61,119 per metric tonne (MT) in FY24 to ₹58,240 per MT in FY25, due to continuous correction in steel prices in the year. However, scale was supported by

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

consistent sales volume of 52,023 MT in FY25 (FY24: 52,069). The company maintains moderate-yet-sustained profitability margins, with PBILDT margins of 3.75% and profit after tax (PAT) margins of 1.91% in FY25, against 3.12% and 1.67% respectively. In 8MFY26, the company achieved total operating income of ₹236.49 crore with PBILDT and PAT margins of 3.95% and 1.97% respectively. Going forward, the scale of operations is expected to improve considering increased installed capacity and anticipated improvement in demand.

Comfortable capital structure though slightly moderated in FY25

The company's capital structure continues to remain comfortable in FY25 as indicated by overall gearing ratio of 0.87x as on March 31, 2025, compared to 0.71x as on March 31, 2024. Slight moderation in overall gearing is due to increase in debt levels, primarily working capital borrowings increased from ₹14.07 crore in FY24 to ₹23.19 crore in FY25, driven by inventory build-up in March 2025 in anticipation of expected increase in steel prices. The PBILDT interest coverage ratio remains stable at 3.89x in FY25 (PY: 3.85x). Further, the company depends heavily on bank guarantees for procurement of raw materials, and bank guarantee (BG) limits remain almost fully utilised, and the company also uses limits from cash credit limit in case of non-availability of sanctioned BG limit due to conversion from fund-based to non-fund-based facility.

Efficient working capital management

The company's operating cycle remains comparatively small at 37 days in FY25, though slightly elongated from 26 days in FY24, mainly due to increase in collection period to 37 days (PY: 30 days) and average inventory holding period to 29 days (PY: 21 days) in FY25. The company deals with entities engaged in construction, providing gas pipelines, and traders of pipes and poles, allows credit period of 30-45 days. The company has to maintain inventory of 30 to 45 days to run its production process smoothly, whereas it procures raw materials from Steel Authority of India Limited (SAIL) on financial bank guarantees or on advance basis, resulting in average payables period of 29 days in FY25 (PY: 24 days). The company can extend payment of creditors with additional interest cost of 9% per annum but since it realises its sales revenue within 30-35 days, it generally does not extend payment of creditors and repay the guarantee earlier to take benefit of early payment discount and reuse the BG for further procurement. The company's growth prospect directly depends on availability of working capital limits as it has to procure raw materials from SAIL either on BG or on advance basis, which limits procurement capabilities to the extent of working capital limits available, limiting output and subsequently revenue from operations. Going forward to sustain increase in scale of operations, the company needs to manage working capital requirement more efficiently.

Key weaknesses

Supplier concentration risk owing to major concentration on single supplier

JMT procures ~65-70% of its raw material requirement (mainly HR coils) from SAIL, which exposes it to supply concentration risk due to high dependence and limited bargaining power, though this ensures supply continuity. It relies heavily on SAIL and other large entities for inventory procurement, which is booked monthly based on estimated production. Therefore, JMT faces significant supplier concentration risk as it buys from large players, with which it has limited bargaining power. However, this risk is mitigated to some extent as the company receives repetitive orders from existing clientele and procures raw material accordingly.

Susceptibility to fluctuation in raw material prices

The production process of ERW pipes does not require much value addition on HR coils procured from SAIL and thus, cost of raw materials constitutes ~90% of production cost. Prices of HR coils are highly volatile and fluctuation in prices may affect profitability margins significantly. ERW pipe manufacturing entities tend to have lower profitability margins due to limited value addition, which leads to lower cushion to absorb high fluctuations in raw material prices. However, to mitigate raw material fluctuation risk, the company books only ~50% of its monthly order requirement in advance and procures the balance from distributors, which mitigates price fluctuations to some extent.

Presence in a highly competitive and cyclical steel industry

The steel pipe industry is highly competitive due to presence of organised and unorganised players and expanding applications of types of steel pipes. Although the industry has become more organised over the years with the share of unorganised players reducing, margins continue to remain under pressure due to its fragmented nature. Demand is highly sensitive to price changes. Due to cyclicity in product prices and resultant intense competition, margins may remain under pressure. The steel industry moves closely with business cycles, including growth in economy and seasonal changes in the demand-supply situations in end-user segments.

Liquidity: Adequate

The company earned gross cash accruals (GCA) of ₹7.11 crore in FY25 and is projecting to generate GCA of ~₹9.60 crore in FY26 against nominal repayment obligations of ~₹0.41 crore, which reflects adequate repayment capabilities. The company's operating

cycle continues to remain small at 37 days in FY25 (PY: 26 days) though moderated slightly. However, due to working capital intensive operations and company is availing CC limit of just ₹25 crore and BG limit of ₹32 crore, average utilisation of fund-based limits remains satisfactory at ~63% for 12 months ending November 2025, as the company majorly uses BGs for procurement, whereas utilisation of fund-based limits remains low.

Applicable criteria

[Policy on Default Recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating of Short Term Instruments](#)

[Manufacturing Companies](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron and steel products

JMT (formerly known as Steel and Metal Tubes India Private Limited) is engaged in manufacturing MS ERW black pipes, casing pipes, hollow sections and steel tubular poles. The company was incorporated in 1971 by founder Shankar Lal Aggarwal, with an installed capacity of 15,000 metric tonne per annum, which has increased to 70,000 metric tonne as on March 31, 2025, at its sole manufacturing unit on 22nd Mile, Delhi-Hapur Road, P.O. Jindal Nagar, Hapur (UP). The company caters to sectors such as agriculture and irrigation, water pipeline, construction, firefighting systems and power sector. The company holds BIS certification for IS:1239, IS:1161, IS:3589, IS:3183, IS:4270, IS:2713, IS:4923 and IS:9295 and has an established trademark. It manufactures MS pipes in round, hollow square and rectangular sections.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	8MFY26 (UA)
Total operating income	323.39	302.27	236.49
PBILDT	10.10	11.34	9.33
PAT	5.40	5.77	4.67
Overall gearing (times)	0.71	0.87	1.02
Interest coverage (times)	3.85	3.89	4.07

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

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 - LT-Working Capital Limits		-	-	-	46.00	CARE BBB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	32.00	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 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-Working Capital Limits	LT	46.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (18-Mar-25)	1)CARE BBB-; Stable (15-Mar-24) 2)CARE BB+; Stable (10-May-23)	-
2	Non-fund-based - ST-Bank Guarantee	ST	32.00	CARE A3	-	1)CARE A3 (18-Mar-25)	1)CARE A3 (15-Mar-24) 2)CARE A4+ (10-May-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-Working Capital Limits	Simple
2	Non-fund-based - ST-Bank Guarantee	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.

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