SECRETARIAL DEPARTMENT
Jekegram, Pokhran Road No.1, Thane (W)-400 606
Maharashtra, India
CIN No.: L17117MH1925PLC001208
Tel: (91-22) 4036 7000 / 6152 7000
Fax: (91-22) 2541 2805
www.raymond.in

RL/SE/25-26/30

July 04, 2025

To

The Department of Corporate Services - CRD
BSE Limited
P.J. Towers, Dalal Street
Mumbai - 400 001
Scrip Code: 500330

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Bandra-Kurla Complex
Bandra (East), Mumbai - 400 051
Symbol: RAYMOND

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") – Intimation of Credit Rating for subsidiary of the Company

Pursuant to Regulation 30 read with Schedule III of Listing Regulations, please find enclosed credit rating letter issued by CARE Ratings Limited in respect of JK Files and Engineering Limited, subsidiary of the Company.

We request you to take the above information on record.

Thanking you.

Yours faithfully,
For **Raymond Limited**

RAKESH MULJIBHAI DARJI
Digitally signed by RAKESH MULJIBHAI DARJI
Date: 2025.07.04 19:39:28 +05'30'

Rakesh Darji
Company Secretary

Encl: Letter issued by CARE Ratings Limited

REGISTERED OFFICE
Plot No. 156/H No. 2, Village Zadgaon,
Ratnagiri - 415 612, Maharashtra
Tel: (02352) 232514
Fax: (02352) 232513

JK Files and Engineering Limited

July 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	300.00	CARE AA- (RWD)	Assigned
Long-term bank facilities	69.00	CARE AA- (RWD)	Continues to be on Rating Watch with Developing Implications
Short-term bank facilities	41.00	CARE A1+ (RWD)	Continues to be on Rating Watch with Developing Implications
Non-convertible debentures	100.00	CARE AA- (RWD)	Continues to be on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and instruments of JK Files and Engineering Limited (JKFEL) continue to be on rating watch with developing implications on account of announcement made by the parent, Raymond Limited (RL), on July 04, 2024, regarding vertical demerger of its real estate business to its wholly owned subsidiary, Raymond Realty Limited (RRL). According to the announced scheme, RL and RRL will operate as separate listed entities within the Raymond Group post completion of the demerger scheme. Each shareholder of RL will get one share of RRL for every share held in RL. Post this demerger, RL will continue to hold the engineering business consolidated under two new companies, one into auto components and the other into aerospace and defence and the denim business through its joint venture (JV) company (Raymond UCO Denim Pvt Ltd). Further, the company is restructuring its engineering division, wherein, RL will consolidate the auto and engineering businesses of JKFEL, Ring Plus Aqua Limited (RPAL), and Maini Precision Products Limited (MPPL) into a new company and the defence and aerospace business of MPPL into another company. Post the process, MPPL and RPAL will cease to exist, and RL & its promoters will hold 67.40%, MPPL promoters 28.5%, and balance will be with the others and minority shareholders of the new companies. The final National Company Law Tribunal (NCLT) order is still awaited by the company.

CARE Ratings Limited (CareEdge Ratings) notes that the demerger of real estate vertical was completed on May 01, 2025, with record date of May 14, 2025. The real estate division reported an operating revenue of ₹2,313 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) of ₹507 crore in FY25. CareEdge Ratings will review ratings post restructuring of auto and aerospace business is concluded.

Reaffirmation of ratings continues to factor JKFEL's improved operating performance in FY25 supported by increased demand for auto components business and the addition of the aerospace segment, while the files and tools sales growth remained muted. Total operating income (TOI) doubled to ₹1,834 crore in FY25 compared to ₹864 in FY24, operating profitability was impacted due to sluggishness in export market, change in product mix and integration cost of MPPL. RPAL has acquired MPPL on March 28, 2024, for ₹682 crore. Ratings continue to factor strong parentage being a wholly owned subsidiary of RL [rated 'CARE AA-; (RWD)']. The comfort is drawn from liquidity available with Raymond Limited, which can be infused in JKFEL in case of exigencies. CareEdge Ratings expects the operating performance to improve given the company's leadership position in the files and auto components business and stable demand from original equipment manufacturers (OEMs), followed by exports and replacement market. MPPL's established position in high-precision machined components for automotive and aerospace industries is expected to improve the revenue profile of the company and diversification.

JKFEL is guided by management with over three decades of experience and has created a dominant and sustained market position with it being the Number 1 brand in files segment domestically and broad distribution network in the files industry.

Ratings are constrained by its moderate financial risk profile with overall gearing at 1.78x as on March 31, 2025 (FY24: 1.86x, FY23: 0.10x) due to the debt-funded acquisition of 59.25% stake in MPPL. The rating strengths are further constrained by the fragmented nature of the files industry, exposure to volatile raw material prices, risk associated with foreign exchange fluctuation, inherent cyclicality and competition in the auto ancillary industry, and risks associated with the fast shift towards EV vehicles. It is essential for the business to change its technology-neutral product profile. The progress made by the company in this regard will be key rating monitorable. The company's ability to optimally utilise the expanded capacity and maintain profitability going forward is a key monitorable.

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

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in PBILDT margin above 16% on a sustained basis.
- Improvement in net debt to PBILDT to below 1x on a sustained basis.

Negative factors

- Deterioration in net debt (excluding parent debt)/PBILDT to more than 3.50x on a sustained basis.

Analytical approach: Consolidated
CareEdge Ratings has taken a consolidated view, given the subsidiaries operate under common management and within a similar line of business. CareEdge Ratings also draws comfort from liquidity available at parent, Raymond Limited. The list of subsidiaries which have been consolidated is provided in Annexure-6.

Detailed description of key rating drivers:

Key strengths

Part of the Raymond group
JKFEL is a subsidiary of RL (rated: 'CARE AA-; Rating Watch with Developing Implications'), which is one of the leading integrated producers of suiting fabric in the world. Lifestyle business was demerged from RL to Raymond Lifestyle Limited, post the demerger, Raymond holds the real estate and engineering businesses. The company has further announced demerger of its real estate business to a separate entity. Post the demerger of real estate business, RL is now a pure play engineering company, allowing it to provide support to JKFEL and its subsidiaries. RPAL is a step-down subsidiary of Raymond Limited. The promoter group led by Gautam Singhania (Chairman & Managing Director of Raymond) has been closely involved in devising the overall business strategy backed by experienced management team.

Leading market position for files and drills in India
JKFEL enjoys a strong competitive edge driven by its established market leadership, expansive distribution network, and a diversified product portfolio comprising numerous stock keeping units (SKUs) tailored to meet varied customer demands. The company holds the leading position in the Indian steel files market, commanding over 60% market share. Globally, JKFEL is the number one brand in terms of installed capacity for steel files, with an estimated 25% share of the global market.
In addition to its dominance in steel files, JKFEL is the sole domestic manufacturer of flexplates in India, holding ~25% market share. It also leads the ring gears segment, with a market share of ~55% in the passenger vehicle segment and 45% in commercial vehicles.
The company operates ISO 9000-2008 certified manufacturing facilities with an annual production capacity of 85 million dozen files and 24 million drill units. Its robust distribution network comprises over 730 active distributors and a retail footprint spanning over 150,000 outlets across 600+ towns in India. Notably, the top 10 customers contributed to 34% of JKFEL's standalone revenue in FY25, reflecting a well-diversified yet strategically concentrated customer base.

Stable operating performance in FY25, growth led by auto segment and MPPL
In FY25, the company reported a significant improvement in its consolidated TOI, which rose to ₹1,834.24 crore from ₹863.66 crore in FY24. This growth was primarily driven by increase in revenue from the sale of ring gears and supported by the consolidation of Maini Precision Products Limited's (MPPL) financials. Despite this revenue surge, capacity utilisation remained consistent with FY24 levels, which had already seen a moderation compared to FY23.
The sales performance of the files segment showed a modest recovery, with total sales value increasing by 5% in FY25. This follows a 14% decline in FY24, which was largely attributed to a 13.5% year-on-year drop in volumes due to sluggish export demand. Realisations improved slightly to ₹47.14 per piece in FY25, up from ₹46.35 per piece in FY24. Conversely, the drills segment continued to face headwinds, with sales value declining by 9% in FY25 after a 3% drop in FY24. This was due to a 7% and 13% decline in volumes over the two years, respectively, accompanied by a 2% reduction in realisations.
PBILDT margin moderated to 12.65% in FY25 from 13.04% in FY24 due to sluggishness in the export market, changes in product mix, aerospace business order was on halt due to production issue faced by one of its customer in H1FY25 and integration cost of Maini Precision Products Limited.

Strong market position in auto ancillary segment through subsidiary, RPAL

RPAL holds a dominant position in the domestic and export markets for Ring Gear OEMs. The company derives ~58% of its revenue from exports, catering to several globally renowned OEMs. RPAL is also the sole manufacturer of flex plates in India, which are primarily used in automatic transmission (AMT) vehicles. These flex plates are exported to key international markets including Germany, the United States, Austria, and China.

According to management, RPAL is the leading player in the domestic OEM Ring Gear segment. While ring gears and bearings are not sold directly to OEMs, they are supplied to flywheel manufacturers who, in turn, serve the OEM market. Notably, Ring Gears are predominantly sold in the OEM segment rather than the replacement market.

The company witnessed a robust 159% growth in revenue from its auto component and engineering products segment, driven by pent-up demand following the automotive sector's recovery from the COVID-19 pandemic. Both the Commercial Vehicle (CV) and Passenger Vehicle (PV) segments contributed to this growth. The CV industry, in particular, continues to show strong momentum, supported by increased economic activity, sustained government investment in infrastructure, rising replacement demand, growth in core sectors, and the continued expansion of the e-commerce sector—despite inflationary pressures and rural demand headwinds.

Key weaknesses

Susceptible to commodity price risk and foreign exchange fluctuation risk

JKFEL's profitability remains exposed to the raw material price volatility and forex fluctuations. The major raw material consumed is high carbon steel, billets and HSS steel. The company can pass on the increase in price of raw materials to the finished goods by increasing the price of finished goods. For auto components and engineering products business as well, products like steel bars, steel sheets and steel tubes form ~35-40% of total cost of sales. Approximately 60% of JKFEL's revenue is from export market exposing it to foreign currency fluctuation risk. The company purchases forward contracts to protect itself against commodity risk.

Moderate financial risk profile and debt coverage indicators

The financial risk profile had moderated in FY24 due to the debt-funded acquisition of MPPL. Overall gearing has improved to 1.78x in FY25 (PY: 1.86x) but remains significantly higher in comparison to 0.10x in FY23. This is due to the debt-funded acquisition of MPPL which the company had done in FY24 which led to an increasing borrowing for the company with NCDs of ₹300 crore (₹100 crore in JKFEL and ₹200 crore in RPAL) and ICDs of ₹225 crore from parent RL availed in FY24. The company also issued redeemable preference shares of ₹50 crore to RL, further debt on consolidation of MPPL, increased the overall debt position of the company. Working capital borrowings have increased due to high operating cycle in the MPPL aerospace and auto components business. The debt coverage metrics are expected to improve further from FY26 onwards due to scheduled repayment of NCDs. The total debt excluding parent debt is ~ ₹730.52 crore, large part of which includes working capital borrowings and NCDs as on March 31, 2025, which is expected to increase to ~₹1,081.88 crore in FY26 on the back of ₹300 crore of new term loan which the company has taken for repayment of RL's ICD.

Liquidity: Adequate

Liquidity profile of the company is marked adequate backed by cash and liquid investments amounting to ₹19.49 crore on a consolidated basis as on March 31, 2025. The average utilisation for the fund-based limits and non-fund-based limits remains low under 10%, for 12 months ended April 2025. The company also has sufficient gross cash accruals to pay off its repayment obligations going forward. The company has adequate financial flexibility as a part of Raymond group, the company is a subsidiary of Raymond Limited, which has cash & cash equivalents of ₹770.67 crore as on March 31, 2025. The working capital cycle for the company has improved to 101 days in FY25 from 129 days in FY24, but remains higher than 56 days in FY23 due to the acquisition of high inventory days for the auto components and aerospace business.

Applicable criteria

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Other industrial products

JKFEL is a wholly owned subsidiary of RL (rated 'CARE AA-; Rating Watch with Developing Implications'). The company has been in the business of files and tools since 1949, which earlier operated as a division of Raymond.
JKFEL is one of the leading manufacturers of steel files in the world and in the domestic market and also one of the leading manufacturers of HSS twist drills in India. It is also into trading hand tools and power tools. JKFEL has manufacturing units at Ratnagiri, Chiplun (Maharashtra), Vapi, and Pithampur (MP). The company manufactures three types of steel files catering to three distinct sectors of the economy, including agricultural sector, industrial engineering sector, and carpenters. The company produces more files for industrial engineering and carpenter sector, while the production of files and tools for agricultural sector is more cyclical to the changes in the demand for agricultural goods.

Brief Consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	864.50	863.66	1,834.59
PBILDT	113.18	112.66	232.56
PAT	71.85	46.83	27.04
Overall gearing (times)	0.10	1.86	1.78
Interest coverage (times)	39.24	13.44	2.67

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
Debentures-Non-convertible debentures	INE027907018	07-Mar-2024	9.85	07-Mar-2031	100.00	CARE AA- (RWD)
Fund-based - LT-Cash Credit		-	-	-	69.00	CARE AA- (RWD)
Non-fund-based - ST-BG/LC		-	-	-	41.00	CARE A1+ (RWD)
Term Loan-Long Term		-	-	30-06-2030	300.00	CARE AA- (RWD)

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	69.00	CARE AA- (RWD)	-	1)CARE AA- (RWD) (23-Dec-24)	1)CARE AA- (RWD) (14-Nov-23) 2)CARE AA- (RWD) (08-May-23)	1)CARE AA- ; Stable (06-Feb-23)
2	Non-fund-based - ST-BG/LC	ST	41.00	CARE A1+ (RWD)	-	1)CARE A1+ (RWD) (23-Dec-24)	1)CARE A1+ (RWD) (14-Nov-23) 2)CARE A1+ (RWD) (08-May-23)	1)CARE A1+ (06-Feb-23)
3	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (23-Dec-24)	1)CARE AA- (RWD) (14-Nov-23) 2)CARE AA- (RWD) (08-May-23)	1)CARE AA- ; Stable (06-Feb-23)
4	Debentures-Non-convertible debentures	LT	100.00	CARE AA- (RWD)	-	1)CARE AA- (RWD) (23-Dec-24)	1)CARE AA- (RWD) (14-Nov-23)	-
5	Term Loan-Long Term	LT	300.00	CARE AA- (RWD)				

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	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Ring Plus Aqua Limited	Full	Subsidiary
2	JK Talabot Limited	Full	Subsidiary
3	Scissors Engineering Products Limited	Full	Subsidiary
4	Maini Precision Products Limited (subsidiary of RPAL)	Full	Subsidiary

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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3453 E-mail: ranjan.sharma@careedge.in Pulkit Agarwal Director **CARE Ratings Limited** Phone: +91-22-6754 3505 E-mail: pulkit.agarwal@careedge.in Sonal Bhageria Associate Director **CARE Ratings Limited** Phone: +91-22-6754 3631 E-mail: Sonal.Bhageria@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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