

February 29, 2024

JCBL India Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash Credits	12.50	18.50	[ICRA]BBB- (Stable); reaffirmed
Long-term – Fund-based – Term Loans	2.16	1.18	[ICRA]BBB- (Stable); reaffirmed
Long-term/Short-term – Non-fund Based	42.50	42.50	[ICRA]BBB- (Stable)/ [ICRA]A3; reaffirmed
Long-term/Short-term – Unallocated	42.84	37.82	[ICRA]BBB- (Stable)/ [ICRA]A3; reaffirmed
Total	100.00	100.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation of JCBL India Private Limited's (JCBL India/the company) facilities reflects ICRA's opinion that the company's financial profile will continue to be supported by its healthy net worth base and adequate liquidity position. The rating favourably factors in the experience of its promoters in the automobile sector and the company's track record of operations in its key segments.

The ratings are, however, constrained by the weak credit metrics largely on account of low profitability on a consolidated basis. However, the same is expected to witness turnaround from FY2024 and remains crucial for improvement in the credit metrics. Moreover, JCBL India has extended support to other Group entities in the form of loans and advances. Any substantial support extended can lead to a pressure on its financial profile and will be a rating monitorable.

The Stable outlook on the [ICRA] BBB- rating reflects ICRA's opinion that the company will see improvement in its operating cash flows and stable demand across its businesses.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in automobile business, part of Chandigarh-based JCBL Group – JCBL India has been trading in auto parts and hand tools since 2003. The company derives majority of its business from export markets, mainly the US, Europe and West Asia. In addition, the Group enjoys a presence in the auto dealership business (passenger and commercial) as well as in manufacturing commercial vehicle bodies, among others. The promoters have been in the automobile business for more than three decades. Through other Group entities, it has business interests in tippers, ambulances and railway coach parts, etc, as well. In FY2023, the company reported a combined revenue growth of ~51% in FY2023 for auto parts exports and its bus body and CV dealership businesses.

Healthy net worth and adequate liquidity – JCBL India had liquidated 42.98% of its stakes in Acme Formulations Private Limited in FY2022 for net proceeds of ~Rs. 359 crore. This resulted in boosting its net worth (Rs. 303.9 as on March 31, 2022, and Rs. 307.3 crore as of March 31, 2023). The company has deployed part of these receipts towards Group entities. Further, the balance funds have been parked across various long and short-term instruments, totalling Rs. 98 crore crore, as of December 2023. Further, ICRA expects material liquidity to continue in JCBL India in line with the management's stated intention.

Credit challenges

Modest credit metrics, to improve gradually – Till FY2023, JCBL India's credit metrics have been modest on account of weak performance, particularly operating losses emanating from its bus body manufacturing business because of the pandemic and provisioning for inventory. On the other hand, JCBL India's standalone business has witnessed a moderate earnings growth in line with the demand scenario. Going forward, on a consolidated basis, the credit metrics are expected to improve gradually in line with the improving earnings and the absence of major capex plans. The improving margin trend has been witnessed in 9M FY2024.

Support to Group entities – JCBL India has been utilising its available liquidity to support weaker promoter group entities to help them deleverage and/or improve their liquidity position. Also, it has supported entities with growth funding requirements. As of March 2023, the company had invested ~Rs. 129 crore towards Group entities. Going forward, ICRA expects moderate level of incremental support. However, any further substantial support or fund outflow, which impacts JCBL India's financial profile and liquidity materially, will remain a rating monitorable.

Liquidity position: Adequate

JCBL India's liquidity position is **adequate**, supported by liquid investments. The company maintains a moderate buffer for its available cash credit limits. There are no major capex plans. Further, existing liquidity and operating cash flows are expected to be adequate to address its annual repayment obligations. JCBL may utilise its investments to support Group entities, though it is expected to maintain adequate liquidity levels in the near to medium term.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings, if the company demonstrates an improvement in its consolidated earnings and debt coverage metrics, along with an improved liquidity, on a sustained basis. Additionally, interest coverage of more than 2.8 times, on a sustained basis, would be a positive factor for the ratings.

Negative factors – ICRA could downgrade the ratings, if there is any sharp decline in earnings and coverage metrics, or any sizeable support to Group entities, which weakens the liquidity and the credit profile, on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of JCBL India (standalone), Globe CV Private Limited and JCBL Limited.

About the company

JCBL India Private Limited commenced its operations from 2003. The company is a part of the JCBL Group, based out of Chandigarh and promoted by the Agrawal family, currently headed by Mr. Rishi Agrawal. JCBL India is primarily involved in exporting automotive parts, hand tools and fasteners, vintage car restoration parts, and agricultural parts and equipment such as radiators, braking systems, tyres and tubes, etc. Globe CV Private Limited (Globe CV), incorporated in 2012, entered the dealership of commercial vehicles with BharatBenz in Punjab. JCBL Limited, incorporated in 1989, is the oldest company of the Group. The company is engaged in the body building and fabrication of buses and containers for original equipment manufacturers such as Swaraj Mazda Limited, Eicher Motors Limited, Tata Motors Limited, Ashok Leyland Limited and state transport undertakings. The company also provides transport solutions to prime fleet operators, schools and other institutions in the country.

Key financial indicators (audited)

JCBL India consolidated (JCBL India, Globe CV, JCBL Limited) *	FY2022	FY2023
Operating income	304.1	458.5
PAT	257.2	(22.9)
OPBDIT/OI	-1.8%	-1.0%
PAT/OI	84.6%	-5.0%
Total outside liabilities/Tangible net worth (times)	0.8x	0.8x
Total debt/OPBDIT (times)	-29.5x	-37.5x
Interest coverage (times)	-0.4x	-0.4x

Source: Company, *consolidation done by ICRA

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2023)				Chronology of rating history for the past 3 years		
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) *	Date & rating in FY2024	Date & rating in FY2023		-
				Feb 29, 2024	Nov 1, 2022	Oct 28, 2022	-
1 Cash Credit	Long-term	18.50	-	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	-
2 Term Loans	Long-term	1.18	1.18	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	-	-
3 Bank Guarantee	Long-term/ Short-term	42.50	-	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-
2 Unallocated	Long-term/ Short-term	37.82	-	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BBB- (Stable)/ [ICRA]A3	-

Source: Company, *as of Dec 31, 2023

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund-based – Cash Credits	Simple
Long Term - Fund-based – Term Loans	Simple
Long Term/Short Term - Non-fund Based	Very Simple
Long Term/Short Term - Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	18.50	[ICRA]BBB- (Stable)
NA	Term Loans	Apr 2018	NA	Mar 2024	1.18	[ICRA]BBB- (Stable)
NA	Bank Guarantee	NA	NA	NA	42.50	[ICRA]BBB- (Stable)/ [ICRA]A3
NA	Unallocated	NA	NA	NA	37.82	[ICRA]BBB- (Stable)/ [ICRA]A3

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach*
JCBL India Private Limited	NA	Full Consolidation
Globe CV Private Limited	NA	Full Consolidation
JCBL Limited	NA	Full Consolidation

Source: Company, *consolidation done by ICRA as JCBL India has extended corporate guarantees to Globe CV and JCBL Limited, which covers major portion of their debt

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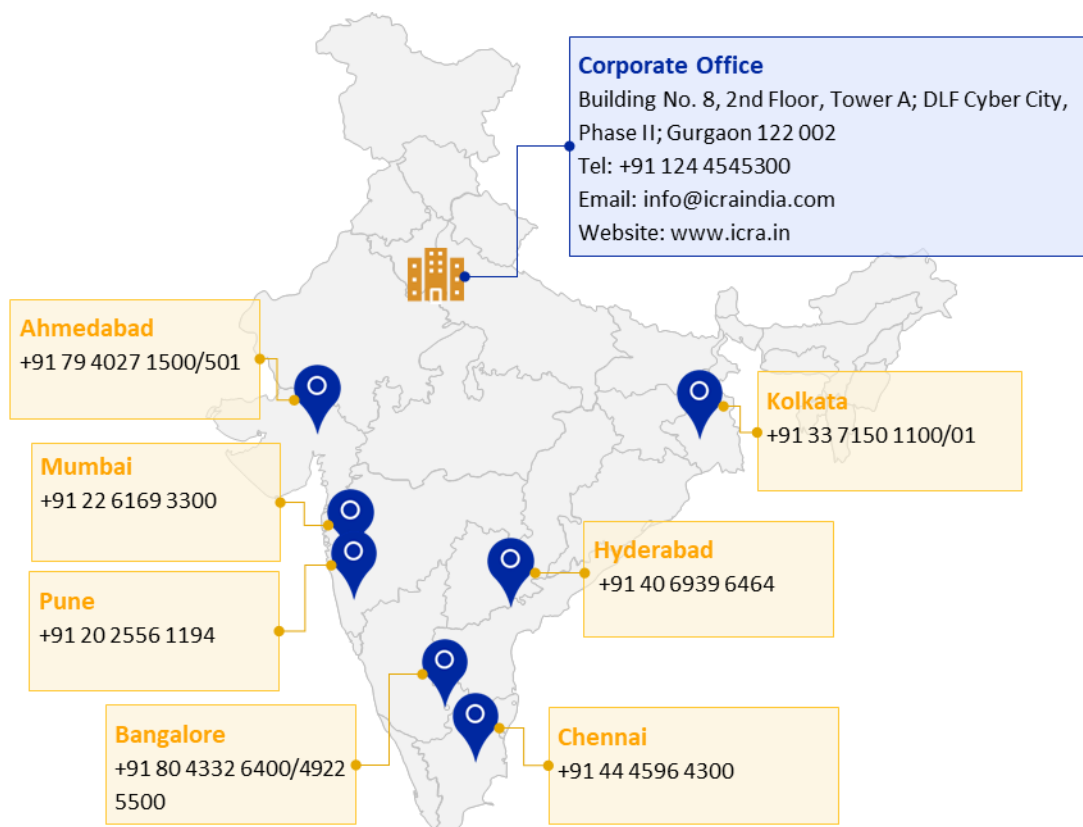


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