

December 04, 2024

Jubilant Motorworks Private Limited: Update on material event

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Outstanding |
|---|--------------------------------------|-------------------------------------|--------------------|
| Long-term fund-based limits (Cash Credit/ Overdraft limits) | 104.50 | 104.50 | [ICRA]A-(Stable) |
| Short-term fund-based limits (Inventory funding) | 398.10 | 398.10 | [ICRA]A2+ |
| Short-term non-fund-based limits (Bank Guarantee) | 38.50 | 38.50 | [ICRA]A2+ |
| Total | 541.10 | 541.10 | |

*Instrument details are provided in Annexure-I

Rationale

ICRA has taken a consolidated view of Jubilant Motorworks Private Limited (JMPL), and its two subsidiaries, Jubilant Performance Cars Private Limited (JPCPL) and Jubilant Auto Technologies Private Limited (JATPL), while assigning the credit ratings, given the common management and significant operational and financial linkages among the entities.

Material Event

JMPL shared its FY2024 consolidated audited financials on November 25, 2024. In FY2024, JMPL reported an operating income of Rs. 1,839.8 crore with an operating profit margin (OPM) of 2.6%, against 3.8% in FY2023, and a net loss of Rs. 32.8 crore in FY2024 against net profit after tax of Rs. 14.1 crore in FY2023. The company's total consolidated debt also increased to Rs. 789.0 crore as on March 31, 2024 from Rs. 508.4 crore as on March 31, 2023.

Impact of the Material Event

ICRA has noted the weakening in the Group's OPM in FY2024 due to lower-than-estimated volume offtake, coupled with additional costs associated with the new showrooms. Besides high interest expenses, this led to net losses and moderation in the debt metrics of the company. ICRA has been engaging with the company and the Group to understand the outlook for the company and is also engaging with Jubilant Consumer Private Limited (JCPL) to evaluate the credit profile of the overall Group as the ratings assigned to JMPL factors in the high likelihood of its group company, JCPL, extending financial support to it. ICRA will continue to monitor the developments and assess the company's credit profile once clarity emerges on the same.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Automobile Dealers Corporate Credit Rating Methodology |
| Parent/Group support | JMPL is a Jubilant Bhartia Group company. The rating assigned to JMPL factors in the high likelihood of its Group company, JCPL, extending financial support because of its strategic importance (corporate guarantee extended by JCPL for the entire external debt of JMPL). ICRA also expects JCPL/JBG to be willing to extend financial support to JMPL out of their need to protect their reputation from the consequences of a Group entity's distress. There is also a |

| | |
|---------------------------------|--|
| | track record of JCPL extending timely financial support to the company, whenever a need has arisen. |
| Consolidation/Standalone | ICRA has taken a consolidated view of JMPL and its two subsidiaries, while assigning the credit ratings, given the common management and significant operational and financial linkages among the entities. For arriving at the ratings, ICRA has considered the consolidated financials of JMPL. As on March 31, 2024, the company had two subsidiaries, which are all enlisted in Annexure II. |

About the company

JMPL, incorporated in 2009, is the automobile dealership vertical of the Jubilant Bhartia Group. The entity took over the operations of Jubilant Enpro, which was till then an importer of Audi cars in India. The company, together with its two wholly-owned subsidiaries, JPCPL and JATPL, is referred to as the Jubilant Motorworks Group.

The Group has a sizeable presence in South and West India. It entered the Audi dealership in 2009 in Bangalore. Thereafter, it opened/acquired Audi showrooms in Chennai, Mangalore, Pune, Mumbai, Nashik and Goa between 2009 and 2021 from external parties. The Group also opened MG dealerships in Bangalore and Mangalore in 2019 and 2020, respectively. JMPL also operates a dealership of Ather (e-2Ws) in Karnataka and Altigreen (e-3Ws) in Maharashtra and Gujarat. However, the Altigreen business is being wrapped up due to underperformance. The company is looking at adding more original equipment manufacturers (OEMs) in the PV segment in the near-to-medium-term. It also started its own multi-brand, used cars business, “The Cars Collective”, under JPCPL. The Group started its software development vertical under JATPL in 2021 mainly to serve dealership management requirements.

In FY2022, following a restructuring exercise, the shareholding of JMPL (earlier held by JCPL) was directly held by the Shyam Sunder Bhartia Family Trust and Hari Shankar Bhartia Family Trust. Nonetheless, JCPL continues to extend corporate guarantee to support JMPL and its subsidiaries. It has also extended inter-corporate deposits and optionally convertible debentures to JMPL.

Key financial indicators

| | FY2023 | FY2024 |
|---|---------------|---------------|
| Operating income | 1,544.4 | 1,839.8 |
| PAT | 14.1 | -32.8 |
| OPBDIT/OI (%) | 3.8% | 2.6% |
| PAT/OI (%) | 0.9% | -1.8% |
| Total outside liabilities/Tangible net worth (times) | 14.7 | 122.8 |
| Total debt/OPBDIT (times) | 8.7 | 16.7 |
| Interest coverage (times) | 1.7 | 0.9 |

Source: Company, ICRA Research; All ratios are as per ICRA’s calculations; Amount in Rs. Crore; Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for past three years

| Instrument | Current rating (FY2025) | | | Chronology of rating history for the past 3 years | | | | | |
|--|-------------------------|-------------------------|------------------|---|------------------|-------------|------------------|--------|--------|
| | FY2025 | | | FY2024 | | FY2023 | | FY2022 | |
| | Type | Amount Rated (Rs Crore) | 04-DEC-2024 | Date | Rating | Date | Rating | Date | Rating |
| Long term-cash credit-fund based | Long Term | 104.50 | [ICRA]A-(Stable) | 07-DEC-2023 | [ICRA]A-(Stable) | 08-SEP-2022 | [ICRA]A-(Stable) | - | - |
| | | | - | - | - | 26-SEP-2022 | [ICRA]A-(Stable) | - | - |
| Short term-bank guarantee-non fund based | Short Term | 38.50 | [ICRA]A2+ | 07-DEC-2023 | [ICRA]A2+ | 08-SEP-2022 | [ICRA]A2+ | - | - |
| | | | - | - | - | 26-SEP-2022 | [ICRA]A2+ | - | - |
| Short term-others-fund based | Short Term | 398.10 | [ICRA]A2+ | 07-DEC-2023 | [ICRA]A2+ | 08-SEP-2022 | [ICRA]A2+ | - | - |
| | | | - | - | - | 26-SEP-2022 | [ICRA]A2+ | - | - |
| Unallocated limits | Short Term | - | - | - | - | 08-SEP-2022 | [ICRA]A2+ | - | - |
| | | | - | - | - | 26-SEP-2022 | [ICRA]A2+ | - | - |
| Overdraft limits | Short Term | - | - | - | - | 08-SEP-2022 | [ICRA]A2+ | - | - |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|---|----------------------|
| Long-term fund-based limits (Cash Credit/ Overdraft Facility) | Simple |
| Short-term fund-based limits (Inventory funding) | Very Simple |
| Short-term non-fund-based limits (BG) | Very Simple |

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/ Sanction | Cou on Rate | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|------|---|----------------------------|-------------|---------------|--------------------------|----------------------------|
| NA | Long-term Fund-based Limits (Cash Credit/ Overdraft Limits) | - | - | - | 104.50 | [ICRA]A-(Stable) |
| NA | Short-term fund-based limits (Inventory funding) | - | - | - | 398.10 | [ICRA]A2+ |
| NA | Short-term Non-fund-based limits (BG) | - | - | - | 38.50 | [ICRA]A2+ |

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 |
|--|------------------------|------------------------|
| Jubilant Motorworks Private Limited | 100.00% (rated entity) | Full Consolidation |
| Jubilant Performance Cars Private Limited | 100.00% | Full Consolidation |
| Jubilant Auto Technologies Private Limited | 100.00% | Full Consolidation |

Source: Company

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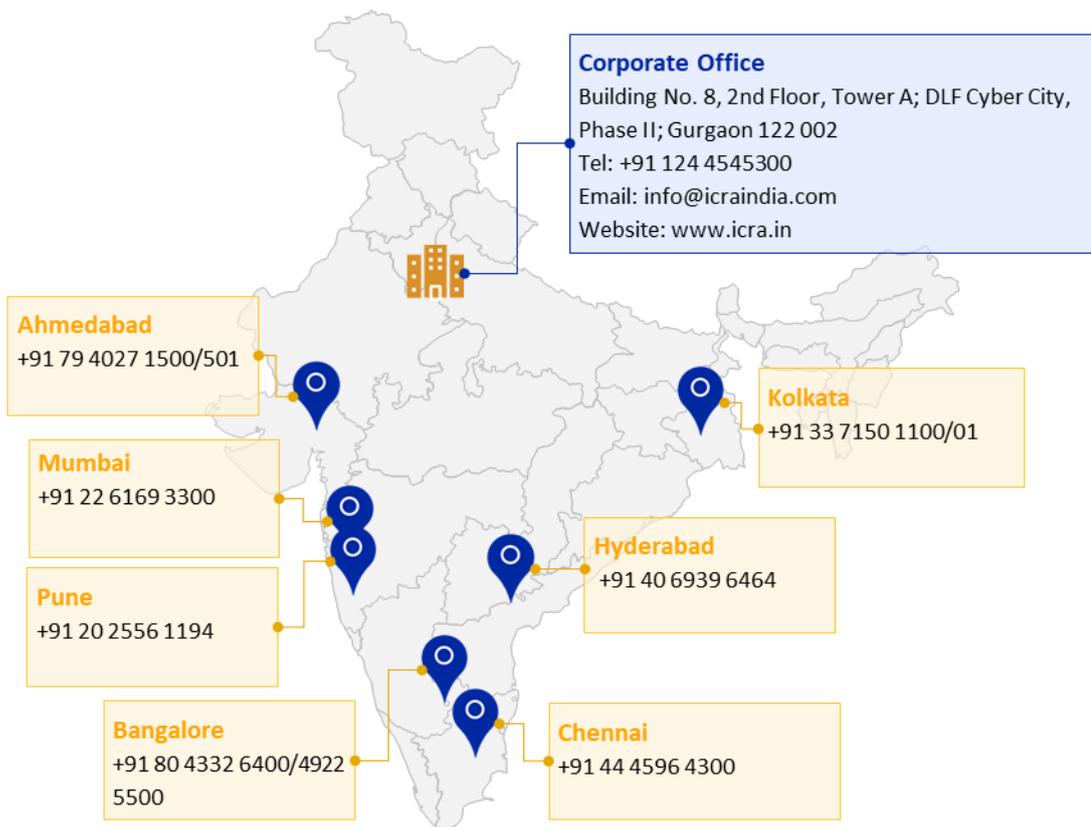
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