February 20, 2020

Commercial Engineers & Body Builders Company Limited - Update on Material Event

Summary of rating action:

Instrument*	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term Fund-based Cash Credit	20.00	[ICRA]BBB- (CE) (Stable)
Long-term Fund-based Term Loan - I	23.77	[ICRA]BBB- (CE) (Stable)
Long-term Fund-based Term Loan – II	5.00	[ICRA]BB- (Stable)
Short-term Non-fund Based	15.00	[ICRA]A3 (CE)
Short-term Fund-based	15.00	[ICRA]A4
Long-term/Short-term Unallocated	21.23	[ICRA]BB- (Stable)/A4
Total	**100.00**	
Rating Without Explicit Credit Enhancement		**[ICRA]BB- /A4**

**Instrument details are provided in Annexure-1*

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Material Event

Commercial Engineers and Body Builders Company Limited (CEBBCO) announced its quarterly results on February 11, 2020. The company reported a net loss of Rs. 4.77 crore on an operating income of Rs. 24.52 crore in Q3 FY2020 against a net loss of Rs. 4.24 crore on an operating income of Rs. 63.04 crore in the year ago period. CEBBCO incurred a net loss of Rs. 1.99 crore in 9M FY2020 (April 2019 – December 2019) on an operating income of Rs. 83.33 crore vis-a-vis a net loss of Rs. 16.83 crore on an operating income of Rs. 165.09 crore in 9M FY2019.

Impact of the Material Event

The ratings remain outstanding at [ICRA]BBB- (Stable) (CE)/[ICRA]A3 (CE) and [ICRA]BB- (Stable)/A4. ICRA has taken note of the company's weak performance during 9M FY2020 and will continue to monitor the ratings.

ICRA believes that traction in the railway wagons business will help increase the diversity in CEBBCO's product portfolio and will partially offset the risk posed by the current weak scenario in the automobile industry. The ratings continue to derive support from CEBBCO's majority shareholder, Jupiter Wagons Limited (JWL).

The previous detailed rating rationale is available on the following link: Rationale

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About ICRA Limited:

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