

June 11, 2019

JBM Auto Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	55.31	55.31	[ICRA]BBB &; withdrawn
Cash Credit/WCDL	114.75	114.75	[ICRA]BBB &/ [ICRA]A3+&; withdrawn
Non Fund based limits	54.50	54.50	[ICRA]A3+ &; withdrawn
Fund based & non fund based limits	199.25	199.25	[ICRA]BBB &/ [ICRA]A3+&; withdrawn
Unallocated	0.56	0.56	[ICRA]BBB &; withdrawn
Fund Based/Non-Fund Based sub-limits^	(174.25)	(174.25)	[ICRA]BBB &/ [ICRA]A3+&; withdrawn
Total	424.37	424.37	

*Instrument details are provided in Annexure-1

^Sub-limits of other working capital facilities

&-On Rating Watch with Developing Implications

Rationale

ICRA has withdrawn the long-term rating outstanding of [ICRA]BBB (pronounced ICRA triple B) and the short-term rating outstanding of [ICRA]A3+ (pronounced ICRA A three plus) on the bank facilities of JBM Auto Limited ('JBMA'), which had been placed on Rating Watch with Developing Implications in March 2018. The ratings have been withdrawn as per the request of the company, and on the intimation of 'No objection' from all its existing bankers.

Outlook

Not Applicable

Key rating drivers

Not Applicable

Liquidity Position:

Not Applicable

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Component Suppliers ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

About the company:

Part of the Delhi-NCR based JBM Group, JBM Auto Limited is one the leading suppliers of sheet metal-based auto components to OEMs in India. The company manufactures and supplies critical sheet metal components for chassis and suspension systems such as axles, twist beams, lower control arms, exhaust systems, fuel tanks and cowl assemblies for OEMs such as HCIL, VECV, M&M, TML etc. It also manufactures outer-body panels and BIW parts. Besides, standalone operations (~40% of the turnover), JBMA also services OEMs like Ford, Fiat, TML, M&M, Eicher Motors, HMSI and TKML through two JVs and subsidiaries. As of March 2018, JBMA had 12 manufacturing facilities located in proximity to OEMs in Delhi-NCR, Maharashtra, Madhya Pradesh, Karnataka and Tamil Nadu. The company generates revenues from three key divisions – components (94%), toolings (5%) and buses (1%).

JBMA had started as a public limited company and was incorporated in 1990 mainly to manufacture tools, dies and moulds for the automobile industry, from its Faridabad facility. Subsequently in 1993, the company entered the sheet metal components manufacturing business for OEMs other than Maruti Suzuki India Limited (MSIL) to benefit from the growing demand from the automotive sector. Further in 2006, JBMA started its special purpose vehicle (SPV) division involved in the fabrication and assembly of bodies of heavy vehicles. Business in this division is negligible at present. JBMA also commenced operations at its bus manufacturing division in FY2015 and is yet to achieve meaningful scale-up.

Over the years, it has set-up two JVs and subsidiaries, which are also involved in similar line of business as JBMA, but cater to different OEMs in India. The two JVs include JBMMA Automotive Private Limited (JBMMA, rated [ICRA]BBB&¹/A3+&) and Indo Toolings Private Limited (ITPL). The two subsidiaries include JBM Auto Systems Private Limited (JBMA S) and JBM Ogihara Automotive India Limited (JOAIL, rated [ICRA]BBB-(Stable)/A3). JBMA also incorporated JBM Solaris in FY2017, with the objective to design, develop, manufacture and market electric buses in India.

Key financial indicators (audited) - Standalone:

	FY2018	FY2019 (Abridged)
Operating Income (Rs. crore)	776.3	1,016.4
PAT (Rs. crore)	32.1	48.9
OPBDIT/OI (%)	13.3%	13.5%
RoCE (%)	16.1%	19.5%
Total Debt/TNW (times)	1.7	1.4
Total Debt/OPBDIT (times)	3.4	2.7
Interest coverage (times)	3.2	4.2

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

¹& On Rating Watch with Developing Implications

Rating history for last three years:

		Current Rating (FY2020)			Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2019	Date & Rating in FY2018 March	Date & Rating in FY2017 January	
				June 2019	June 2018	2018	2017	
1	Term Loan	55.31	55.31	[ICRA]BBB &; withdrawn	[ICRA]BBB &	[ICRA]BBB &	[ICRA]BBB (Stable)	
2	Cash Credit/WCDL	114.75	NA	[ICRA]BBB &/A3+ &; withdrawn	[ICRA]BBB &/A3+ &	[ICRA]BBB &/A3+ &	[ICRA]BBB (Stable)/A3+	
3	Non Fund based limits	54.50	NA	[ICRA]A3+ &; withdrawn	[ICRA]A3+ &	[ICRA]A3+ &	[ICRA]A3+	
4	Fund based & non fund based limits	199.25	NA	[ICRA]BBB &/A3+ &; withdrawn	[ICRA]BBB &/A3+ &	[ICRA]BBB &/A3+ &	[ICRA]BBB (Stable)/A3+	
5	Unallocated	0.56	NA	[ICRA]BBB &; withdrawn	[ICRA]BBB &	[ICRA]BBB &	[ICRA]BBB (Stable)	
6	Fund Based/Non-Fund Based sub-limits*	(174.25)	NA	[ICRA]BBB &/A3+ &; withdrawn	[ICRA]BBB &/A3+ &	[ICRA]BBB &/A3+ &	[ICRA]BBB (Stable)/A3+	

*Sub-limits of other working capital facilities

&On Rating Watch with Developing Implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit/WCDL	NA	NA	NA	114.75	[ICRA]BBB &/A3+ &; withdrawn
NA	Non Fund based limits	NA	NA	NA	54.50	[ICRA]A3+ &; withdrawn
NA	Fund based & non fund based limits	NA	NA	NA	199.25	[ICRA]BBB &/A3+ &; withdrawn
NA	Unallocated	NA	NA	NA	0.56	[ICRA]BBB &; withdrawn
NA	Fund Based/Non-Fund Based sub-limits*	NA	NA	NA	(174.25)	[ICRA]BBB &/A3+ &; withdrawn
NA	Term Loan I	FY2015	NA	FY2020	7.81	[ICRA]BBB &; withdrawn
NA	Term Loan II	FY2018	NA	FY2023	25.00	[ICRA]BBB &; withdrawn
NA	Term Loan III	FY2015	NA	FY2020	7.29	[ICRA]BBB &; withdrawn
NA	Term Loan IV	FY2015	NA	FY2020	8.95	[ICRA]BBB &; withdrawn
NA	Term Loan V	FY2015	NA	FY2019	6.26	[ICRA]BBB &; withdrawn

&On Rating with Developing Implications; *Sub-Limit of other working capital facilities

Source: JBM Auto Limited

ANALYST CONTACTS

Subrata Ray

+91 22 6114 3408
subrata@icraindia.com

Shamsher Dewan

+91 124 4545 328
shamsherd@icraindia.com

Sreejan Dutta

+91 124 4545 396
sreejan.dutta@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

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