

Jay bee Laminations Limited

December 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE BBB; Stable	Upgraded from CARE BBB-; Stable
Long Term / Short Term Bank Facilities	35.00	CARE BBB; Stable / CARE A3+	Upgraded from CARE BBB-; Stable / CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the ratings assigned to the bank facilities of Jay Bee Laminations Limited (JBLL) factors in successful completion of IPO (Initial Public Offer) (listed on NSE (National Stock Exchange) on September 03, 2024). There has been a gross equity infusion of ~Rs.67 crore resulting in substantial improvement in tangible net worth. The upgrade also factors in improvement in operational performance in FY24 (refers to the period from April 01, 2023, to March 31, 2024) and H1FY25 (refers to the period from April 01, 2024, to September 30, 2024) as reflected by growing scale of operations and substantial improvement in profitability margins. Further, the ratings continue to derive strength from long standing extensive industry experience of the promoters, and established relationship with customers and suppliers. The ratings, however, remain constrained by the Intense competition in the industry and volatility in raw material prices and large working capital requirement.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income above Rs.450 crores along with improvement in margins above 12% on a sustained basis.
- Improvement in working capital requirement resulting GCA (Gross current asset) days of below 120 days.

Negative factors

- Decline in total operating income below Rs.300 crore and/or PBILDT margins below 10% on a sustained basis.
- Significant increase in working capital requirements and resultant weakening of liquidity position.
- Any debt funded capex leading to deterioration in overall gearing to above 1.00x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE's opinion that JBLL will continue to benefit from its experienced promoters and established relationship with its customers and suppliers.

Detailed description of key rating drivers:

Key strengths

Improvement in capital structure and liquidity position supported by funds raised through IPO

JBLL's financial risk profile has improved considering infusion of funds in the form of equity, through initial public offer on September 03, 2024. JBLL received gross proceeds of Rs. 66.72 crore from IPO which have largely been used to fund working capital. Infusion of funds resulted in significant improvement in capital structure and JBLL's liquidity position with overall gearing improving from 0.88x as on March 31, 2024, to ~0.41x on September 30, 2024 (post infusion). Moreover, the company's liquidity position also improved with unutilised IPO funds and free cash and cash equivalent amounting Rs. 22.40 crores as on September 30, 2024.

Growing Scale of operations with improvement in profitability margins

During FY24, JBLL TOI (total operating income) grew by ~23% to Rs. 303.50 crore (PY: Rs. 247.18 crores) on a y-o-y basis due to higher demand of CRGO cut steel cores laminations from transformer manufacturers. The profitability margins of the company

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

also improved marked by PBIDT margin and PAT margin which stood at 10.48% and 6.39% respectively during FY24 (PY: 9.83% and 5.25%). Further, in H1FY25, the company reported TOI Rs.153.17 crore with PBILD margin of 15.25%. Going forward, the PBILD margin is expected to remain in the range of ~13%-14%.

Experienced promoters and management with long track record of operations

JBLL has over four decades of track record in the CRGO Silicon steel cores business. The company has started its operation in year 1988 into the manufacturing of CRGO Silicon steel cores for the power & distribution transformer industry and currently the company has two-manufacturing units in Noida. The extensive experience of promoters in the industry and long operational track record of the company has helped the company to build its market presence over the years.

Established relationships with customers and suppliers

JBLL's strength lies in its expertise in sourcing raw material and supply chain management. The company has well-established and strong relationship with cold rolled grain oriented (CRGO) steel players present in both national and international market, which helps the company in efficient procurement of raw materials. The company has a geographically diversified customer base in countries besides India, such as Saudi Arabia, and Nepal.

Key weaknesses

Vulnerability of profitability to volatility in raw material prices and foreign exchange rates

The operating margins of the company remain susceptible to the volatility in price of the raw material. The raw material is generally imported and takes 2-3 months to deliver, and the company maintains moderate inventory and hence any fluctuation in raw material prices may impact the operating margins. Further, since a part of the raw material requirement is met through imports, the company is exposed to the adverse fluctuations in the foreign currency exchange rates. However, during FY24 the company has reported a forex gain of Rs 0.14 crores (PY: Rs. 0.49 crores)

Large working capital requirement

JBLL has working capital intensive operations largely on account of moderate debtors and inventory period required for business operations, while the company receives minimal credit from its suppliers and most of the procurement is done on letter of credit basis which lead to increase in working capital requirement by the company. The Gross Current Asset though slightly decreased, however still stood high at the level 150 days as on March 31, 2024 against 152 days as on March 31,2023.

Intense competition in the industry

The transformer lamination, cores and coils manufacturing industry is highly fragmented because of the presence of various organised and unorganised players, leading to intense competition. However, the transformer industry is expected to grow which is driven by increasing energy demands from industrial sectors and the expansion of transmission and distribution systems creating enough demand for the product in the near term.

Liquidity: Adequate

The liquidity position of the company is adequate marked by expected GCA (gross cash accruals) of ~Rs. 32.16 crore in FY25 against which the company has nominal debt repayment obligation of Rs 2.83 crore. The average month utilisation of the fund-based limits stood low at 43.24% for trailing 12 months ending November 30, 2024. The company has no major capex planned in near future.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

Jay Bee Laminations Limited (JBLL) incorporated in March 1988, was promoted by Mr. Munish Kumar Aggarwal and presently is being managed by his son Mr. Mudit Aggarwal, Managing Director of the company and supported by Mr. Sunita Aggarwal (Director). The company is engaged in manufacturing of CRGO Silicon steel cores for the power & distribution transformer industry. With two manufacturing units located in Noida (UP). The company have developed facilities for supply of CRGO & CRNGO steel cores with applications in transformers, inverters, reactors & rectifiers.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	247.18	303.05	153.17
PBILDT	24.31	31.75	23.36
PAT	12.97	19.36	14.41
Overall gearing (times)	1.40	0.88	0.41
Interest coverage (times)	4.85	5.33	6.93

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork Ratings has conducted the review and classified the ratings as "Not Cooperating" vide their press releases dated October 11, 2024, on account of their inability to carry out a review in the absence of requisite information.

Acuite Ratings has conducted the review and classified the ratings as "Not Cooperating" vide their press releases dated April 30, 2024, on account of their inability to carry out a review in the absence of requisite information.

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
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE BBB; Stable
Non-fund-based - LT/ ST-Letter of credit		-	-	-	35.00	CARE BBB; Stable / CARE A3+

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB; Stable	1)CARE BBB-; Stable (23-Apr-24)	-	-	-
2	Non-fund-based - LT/ ST-Letter of credit	LT/ST	35.00	CARE BBB; Stable / CARE A3+	1)CARE BBB-; Stable / CARE A3 (23-Apr-24)	-	-	-

LT: Long 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	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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

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About us:

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