

JSB Aluminium Private Limited

March 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	35.90	CARE BB; Stable	Reaffirmed
Short Term Bank Facilities	0.10	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of JSB Aluminium Private Limited (JSB) continue to be constrained by modest scale of operations, low profitability margins and moderate capital structure coupled with weak debt coverage indicators. The ratings are further constrained by exposure to raw material price volatility and foreign exchange fluctuation risk. The ratings however derive comfort from experienced promoters, reputed clientele base albeit concentrated and moderate operating cycle.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale up of operations above Rs. 450 crores with PBILDT margin of ~2.50% on sustained basis
- Improvement in debt coverage indicators as marked by interest coverage ratio of above 1.75x.

Negative factors

- Significant decline in scale of operations below Rs. 300 crores with PBILDT margins falling below ~2.00% on sustained basis.
- Sustained deterioration in the solvency position with an overall gearing ratio of above 2.5x owing to increased working capital dependence.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes JSB will continue to benefit from the vast experience of the promoters in the industry and their established relationships with customers.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

The total operating income of JSB Aluminium declined to Rs. 326.39 crore in FY24 (refers to the period from April 01, 2023 to March 31, 2024) as against Rs. 472.97 crore in FY23 mainly on account of overall slowdown in the automotive industry leading to subdued demand in the auto grade aluminium. With its modest size, the company does not get benefit from economies of scale which shall impact the business of the company during financial stress as compared to large players in same industry. Further, the company has achieved total operating income of Rs. 204.61 crore during 9MFY25 (refers to the period from April 01, 2024 to December 31, 2024).

Thin profitability

The profitability margins of the company have historically remained thin due to limited value addition. The PBILDT margin of the company improved marginally to 2.88% during FY24 from 2.71% in FY23 on account of decline in overheads. However, the PAT margin declined to 0.50% in FY24 from 0.65% in FY23 on account of decrease in non-operating income.

Moderate Capital structure and weak coverage indicators:

The entity's capital structure stood leveraged, as marked by an overall gearing of 1.86x as on March 31, 2024 (2.57x as on March 31, 2023) with high reliance on external debt. As on March 31, 2024, the debt profile of the company comprises of term loan of Rs. 7.94 crores, working capital borrowings utilized at Rs 23.66 and unsecured loan from related parties amounting to Rs. 5.02 crores as against tangible net worth of Rs. 19.74 crores. Debt coverage indicators stood marginally weak, as marked by moderate interest coverage ratio of 1.52x in FY24 (1.62x in FY23) and very high total debt to Gross cash accruals (TD/GCA) of 13.9x in

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

FY24 (11.71x in FY23). Deterioration during the year was on account of decline in scale of operation resulting in lower profitability. However, company has realised its funds which were blocked in working capital resulting in healthy cash flow from operations, which supported the company in meeting its debt obligations in a timely manner.

Foreign Exchange Risk

JSB procures around ~60% of its raw material through imports in FY24. With initial cash outlay for procurement in foreign currency and sales realization in domestic currency, the company is exposed to the fluctuation in exchange rates. Further, the company does not have any hedge policy in place hence profitability margins are exposed to volatility in foreign exchange. The foreign currency exposure stood at Rs. 7.11 crores as on December 31, 2024. However, company mainly focuses on procurement from foreign countries on advance basis, thereby mitigating the risk of any major impact due to forex fluctuation risk.

Exposure to raw material price volatility

The main raw material of the company is aluminium scrap that are linked to international commodity indices, which exposes it to the inherent volatility associated with aluminium prices, while its sales prices are dictated largely by the demand-supply dynamics in the domestic market for its various products. The raw material costs have been a major contributor to the total costs comprising around 80 to 85%. The company is exposed to raw material price volatility risk due to volatility associated in the prices of aluminium.

Key strengths**Moderate Operating cycle**

JSB's working capital cycle remains moderate as reflected by operating cycle of 45 days at the end of FY24 as compared to 28 days in FY23, the slight moderation is mainly on account of increase in collection period and inventory days. The company is required to maintain adequate number of raw materials for smooth running of business operations and adequate inventory of finished goods to meet the demand of customers resulting into average inventory period of around 28 days in FY24. The company offers credit of around a month to its customers and gets around half month credit from its suppliers resulting in average creditors day to 9 days in FY24.

Reputed clientele base albeit concentration risk

The clientele of JSB includes large automobile and auto parts manufacturers including Maruti Suzuki India Limited (MSIL), Honda Cars India Limited, Rico Auto Industries Limited (Rico) etc. The clientele is however highly concentrated with top 5 customers contributed around 75% of net sales during 9MFY25 with top 2 customers viz., MSIL and Castmaster Industries Private Limited contributing ~43% of revenue during the year.

Experienced promoters

JSB was incorporated in year 2006. The promoters of JSB Aluminium Private Limited, Radhey Shyam Aggarwal and Ashok Kumar Aggarwal have over three decades of experience in trading of ferrous and non-ferrous scrap and over two decades of experience in running aluminium casting business. Both the promoters are actively involved in day-to-day operations of the company along with their other family members particularly Jagdish Aggarwal (Brother of Ashok Kumar Aggarwal and Radhey Shyam Aggarwal) and Anshul Aggarwal (son of Radhey Shyam Aggarwal). The family is also involved in running group concerns namely JSB Industries which is a partnership company engaged in business of liquid molten and MTJ Industries another partnership company engaged in trading of metal (Steel) scrap.

Liquidity: Stretched

The liquidity profile of the company stands stretched with expected Gross cash accrual of Rs. ~3 crore during FY25 against debt repayment obligations of Rs. 2.99 crores. However, the average working capital utilization for 12 months ending January 2025 stood at 70%. The operating cycle stood moderate at 45 days as on March 31, 2024. Furthermore, current and quick ratios of the company stood at 1.43x and 0.76x respectively as on March 31, 2024.

Assumptions/Covenants: Not Applicable**Environment, social, and governance (ESG) risks: Not Applicable**

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Non Ferrous Metal](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Non - Ferrous Metals	Aluminium

Promoters Radhey Shyam Aggarwal and Ashok Kumar Aggarwal were involved in trading of ferrous and non-ferrous scrap during 90s. In early 2000s they incorporated M/s Shree Balaji Aluminium Casting in Faridabad, Haryana. Later the entity was renamed as M/s Shree Balaji Alloy and operations were shifted to Kathua, Jammu & Kashmir. In the year 2006, JSB Aluminium Private Limited (JSB) was incorporated whereby the company started manufacturing auto grade aluminium ingots at its manufacturing unit in Alwar, Rajasthan. The clientele of JSB includes large automobile and auto parts manufacturers including Maruti Suzuki (India) Limited, Honda Cars India limited and Rico Auto Industries Limited. Currently, the company has installed capacity of 24000 MT per annum. The other group concerns of the company are JSB Industries which is a partnership concern engaged in business of liquid molten and MTJ Industries which is also a partnership concern engaged in trading of metal scrap.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	473.05	326.50	204.61
PBILDT	12.82	9.42	-
PAT	3.10	1.63	-
Overall gearing (times)	2.57	1.86	-
Interest coverage (times)	1.62	1.52	-

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

Status of non-cooperation with previous CRA: Not Applicable

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/03/2027	1.90	CARE BB; Stable
Fund-based - LT-Working Capital Limits		-	-	-	34.00	CARE BB; Stable
Fund-based - ST-Forward Contract		-	-	-	0.10	CARE A4

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-Working Capital Limits	LT	34.00	CARE BB; Stable	-	1)CARE BB; Stable (28-Feb-24)	1)CARE BB; Stable (28-Mar-23)	-
2	Fund-based - ST-Forward Contract	ST	0.10	CARE A4	-	1)CARE A4 (28-Feb-24)	1)CARE A4 (28-Mar-23)	-
3	Fund-based - LT-Term Loan	LT	1.90	CARE BB; Stable	-	1)CARE BB; Stable (28-Feb-24)	1)CARE BB; Stable (28-Mar-23)	-

LT: Long term; ST: 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-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Fund-based - ST-Forward Contract	Simple

Annexure-5: Lender detailsTo 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.

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About us:

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