

JK Tyre & Industries Ltd

August 19, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Short-term Bank Facilities- Commercial Paper issue*	-	-	Withdrawn

*carved out of the sanctioned fund-based working capital limits of the company.

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has withdrawn the rating assigned to the Commercial Paper issue of JK Tyre & Industries Ltd. (JKTI) with immediate effect. The above action has been taken at the request of the company and there is no amount is outstanding against the CARE rated instrument.

Analytical approach: Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

About the Company

JKTI, the flagship company of the JK group, is headed by Dr R P Singhania as its chairman and managing director. It is a one of the leading tyre manufacturers in India and amongst the top 25 manufacturers in the world with a wide range of products catering to diverse business segments that includes Truck/Bus, LCV (Light commercial vehicles), Passenger Cars, MUV (Multi utility vehicles) and Tractors. JKTI has a global presence in 105 countries with nine plants in India and three in Mexico, with total consolidated capacity of 32 million tyres per annum.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	7641	6120
PBILDT	759	678
PAT	204	229
Overall gearing (times)^	2.28	2.16
Interest coverage (times)	2.40	1.98

A: Audited

^Including Dealer Deposits

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Commercial Paper- Commercial Paper (Carved out)	-	-	-	0.00	Withdrawn

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based-Long Term	LT	1700.00	-	-	1)CARE A; Negative (05-Jul-19)	1)CARE A+; Negative (05-Oct-18)	1)CARE A+; Stable (11-Aug-17) 2)CARE AA-; Negative (05-Apr-17)
2.	Non-fund-based - ST-BG/LC	ST	950.00	-	-	1)CARE A1 (05-Jul-19)	1)CARE A1+ (05-Oct-18)	1)CARE A1+ (11-Aug-17) 2)CARE A1+ (05-Apr-17)
3.	Non-fund-based - LT/ST-BG/LC	LT/ST	280.00	-	-	1)CARE A; Negative / CARE A1 (05-Jul-19)	1)CARE A+; Negative / CARE A1+ (05-Oct-18)	1)CARE A+; Stable / CARE A1+ (11-Aug-17) 2)CARE AA-; Negative / CARE A1+ (05-Apr-17)
4.	Term Loan-Long Term	LT	1958.98	-	-	1)CARE A; Negative (05-Jul-19)	1)CARE A+; Negative (05-Oct-18)	1)CARE A+; Stable (11-Aug-17) 2)CARE AA-; Negative (05-Apr-17)
5.	Fund-based - ST-Term loan	ST	220.00	-	-	1)CARE A1 (05-Jul-19)	1)CARE A1+ (05-Oct-18)	1)CARE A1+ (11-Aug-17) 2)CARE A1+ (05-Apr-17)
6.	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	1)CARE A1 (05-Jul-19)	1)CARE A1+ (05-Oct-18)	1)CARE A1+ (11-Aug-17) 2)CARE A1+ (05-Apr-17)
7.	Commercial Paper	ST	-	-	-	1)Withdrawn (09-Apr-19)	1)CARE A1+ (05-Oct-18)	1)CARE A1+ (11-Aug-17) 2)CARE A1+ (05-Apr-17)
8.	Fixed Deposit-FD (Long-term)/ FD (Short-term)	LT/ST	140.00	-	-	1)CARE A; Negative / CARE A1 (05-Jul-19)	1)CARE A+; Negative / CARE A1+ (05-Oct-18)	1)CARE A+ (FD); Stable / CARE A1+ (FD) (11-Aug-17) 2)CARE AA- (FD); Negative /

								CARE A1+ (FD) (05-Apr-17)
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Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Commercial Paper-Commercial Paper (Carved out)	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications

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About CARE Ratings:

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In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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