



**Press Release**  
**Jyoti Automobiles Private Limited**  
**December 13, 2023**  
**Rating Assigned, Reaffirmed and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.88	ACUITE BB+   Stable   Assigned	-
Bank Loan Ratings	14.82	ACUITE BB+   Stable   Upgraded	-
Bank Loan Ratings	39.62	-	ACUITE A4+   Assigned
Bank Loan Ratings	45.18	-	ACUITE A4+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	101.50	-	-

**Rating Rationale**

Acuite has upgraded the long term rating from '**ACUITE BB**' (read as **ACUITE double B**) to '**Acuite BB+ ( read as ACUITE double B Plus)**' and reaffirmed short-term rating of '**ACUITE A4+ (read as ACUITE A Four plus)**' to the Rs. 60 Crore bank facilities of Jyoti Automobiles Private Limited (JAPL). The outlook is '**Stable**'

Further Acuite has assigned the long term rating of '**ACUITE BB+**' (read as **ACUITE double B Plus**) and short-term rating of '**ACUITE A4+ (read as ACUITE A Four plus)**' to the Rs. 41.50 Crore bank facilities of Jyoti Automobiles Private Limited (JAPL). The outlook is '**Stable**'

**Rationale for rating**

The rating action takes into account improved Business, Financial risk profile and adequate liquidity Position. Company reported growth in revenue from operations by ~28% in FY2023 to Rs. 277.22 crore as against Rs. 216.42 crore for FY2022 (46 percent from FY 21 to FY 23). The operating profit margin of the company improved by 11 bps in FY 23. Company reported PAT of Rs 3.16 crore in FY 23 as against Rs 2.11 crore in FY 22. Financial risk profile of the company improved with improvement in gearing, moderate net worth & improved coverage indicators. The Total Tangible net worth stood at Rs. 26.29 Cr as on 31st March 2023 as against Rs. 23.31 Cr a year earlier. Interest coverage ratio stood at 2.47 times for FY2023 and Debt Service coverage ratio stood at 1.32 times for FY2023. However these strengths are underpinned by low Current Ratio.

Acuite believes that the company's ability to grow its scale of operations and profitability while maintaining a healthy capital structure remains a key rating indicator.

**About the Company**

Incorporated in 1998, Jyoti Automobiles Private Limited (JAPL) is a Rajasthan-based company promoted by Mr. Sanjay Nakra and Mr. Rajeev Nakra. The company has been an authorised dealer for Maruti Suzuki India Limited since 2009 and is engaged in the sale of new vehicles, pre-owned vehicles (under the "True Value" brand), Honda 2 wheelers and spare parts and accessories.

**Unsupported Rating**

Not Applicable

## Analytical Approach

Acuite has taken the standalone view of the business and financial risk profile of Jyoti Automobiles Private Limited to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Experienced management

JAPL was incorporated in the year 1998 and operates dealership of 4 wheelers (New Cars) for Maruti Suzuki India Limited, 4 Wheelers (Used Car) under TruValue and 2 Wheeler (New Vehicles) for Honda Motors in Rajasthan region. Management has extensive experience in the line of business evident by long standing association with Maruti Suzuki India Limited (MSIL) and Honda Motors. Acuite believes that JAPL will continue to benefit from its established track record of operations and experienced management.

#### Working capital operations- Efficient

Company has efficient working capital requirements as evident from comfortable gross current assets (GCA) of 62 days in FY2023 as compared to 58 days in FY2022. Inventory days stood at 35 days in FY 23 (29 days in FY22). Debtor days stood at 6 days in FY2023 as against 21 days in FY 22.

Working capital limits are utilized at ~ 72 percent during the last twelve months ended Oct 23

#### Business risk profile-Improved

JAPL's Operating income improved which is apparent from growth in revenue from operations by ~28% in FY2023 to Rs 277.22 crore as against Rs. 216.42 crore for FY2022 (~46 percent from FY 21 to FY 23). The operating profit margin of the company remains stable with minor improvement of 11 bps in FY 23. Operating Profit Margin of company stood at 3.41% in FY2023 as against 3.30% in FY2022. Net profit margin of the company increased by 17 bps and stood at 1.14 percent in FY2023 as against 0.97 percent in FY 22. ROCE of the company stood at 12.49 percent in FY2023.

### Weaknesses

#### Exposure to risks related to low bargaining power with principal and to intense competition in passenger vehicle segment

JAPL is a Rajasthan-based dealer for MSIL's passenger vehicles. It faces intense competition from other MSIL dealers and has limited bargaining power with its principal. Furthermore, JAPL also faces competition from dealers of other OEM's like Tata motors, Toyota, Mahindra, VW, Skoda, Nissan etc.

#### Financial Risk Profile- Moderate

Company has moderate financial risk profile marked by moderate net worth, coverage indicators and gearing. The Total Tangible net worth stood at Rs. 26.29 Cr as on 31st March 2023 as against Rs. 23.31 Cr a year earlier. Increase in net worth is on account of Profit accretion. Interest coverage ratio increased by 14 bps and stood at 2.47 times for FY2023 as against 2.33 times in FY2022. Likewise, Debt Service coverage ratio increased by 15 bps and stood moderate at 1.32 times for FY2023 as against 1.17 times in FY2022.

Total outside liabilities to total net worth (TOL/TNW) stood at 2.03 times as on FY2023 vis-à-vis 1.85 times as on FY2022. Debt-EBITA improved and stood at 4.15 times as on 31st March 2023 as against 5.40 times as on 31st March 2022. The Net Cash Accruals to Total debt stood at 0.12 times as on FY2023 and 0.09 times for FY2022.

### Rating Sensitivities

Improvement in Scale of operations.

Improvement in Debt Protection metrics.

Improvement in Financial Risk Profile.

### All Covenants

Not Applicable

## **Liquidity Position**

### **Adequate**

Company has adequate liquidity marked by net cash accruals to its maturing debt obligations, low current ratio, cash and bank balance. Company generated cash accruals of Rs. 4.84 crore for FY2023 as against obligations of Rs. 2.70 crore for the same period. Current Ratio stood at 0.98 times as on 31 March 2023 as against 1.06 times in the previous year. Working capital limits are utilized at ~ 72per cent during the last twelve months ended Oct 23 leaving additional cushion in working capital limits to meet contingencies. Cash and Bank Balances of company stood at Rs 0.64 crore. Company has adequate liquidity marked by net cash accruals to its maturing debt obligations, low current ratio, cash and bank balance. Company generated cash accruals of Rs. 4.84 crore for FY2023 as against obligations of Rs. 2.70 crore for the same period. Current Ratio stood at 0.98 times as on 31 March 2023 as against 1.06 times in the previous year. Working capital limits are utilized at ~ 72per cent during the last twelve months ended Oct 23 leaving additional cushion in working capital limits to meet contingencies. Cash and Bank Balances of company stood at Rs 0.64 crore.

### **Outlook:Stable**

Acuite believes that JAPL will continue to maintain a 'stable' outlook over the medium term owing to its experienced management and established association with MSIL and Honda. The outlook may be revised to 'Positive' in case the company registers substantial increase in its scale of operations while maintaining comfortable operating profit margins. Conversely, the outlook may be revised to 'Negative' in case of failure to achieve the projected scalability in revenues or registers deterioration in the financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	277.22	216.42
PAT	Rs. Cr.	3.16	2.11
PAT Margin	(%)	1.14	0.97
Total Debt/Tangible Net Worth	Times	1.54	1.73
PBDIT/Interest	Times	2.47	2.33

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Jan 2023	Inventory Funding	Short Term	10.00	ACUITE A4+ (Assigned)
	Inventory Funding	Short Term	0.38	ACUITE A4+ (Assigned)
	Working Capital Term Loan	Long Term	0.32	ACUITE BB   Stable (Assigned)
	Term Loan	Long Term	9.00	ACUITE BB   Stable (Assigned)
	Inventory Funding	Short Term	4.80	ACUITE A4+ (Assigned)
	Inventory Funding	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	5.50	ACUITE BB   Stable (Assigned)
25 Oct 2022	Secured Overdraft	Long Term	5.50	ACUITE BB- ( Issuer not co-operating*)
	Term Loan	Long Term	8.43	ACUITE BB- ( Issuer not co-operating*)
	Ad-hoc limits (Fund Based)	Short Term	1.95	ACUITE A4+ ( Issuer not co-operating*)
	Channel Financing	Short Term	3.00	ACUITE A4+ ( Issuer not co-operating*)
	Bank Guarantee	Short Term	0.50	ACUITE A4+ ( Issuer not co-operating*)
	Cash Credit	Short Term	6.50	ACUITE A4+ ( Issuer not co-operating*)
	Proposed Working Capital Demand Loan	Long Term	0.57	ACUITE BB- ( Issuer not co-operating*)
	Inventory Funding	Short Term	3.55	ACUITE A4+ ( Issuer not co-operating*)
27 Jul 2021	Inventory Funding	Short Term	3.55	ACUITE A4+ ( Issuer not co-operating*)
	Ad-hoc limits (Fund Based)	Short Term	1.95	ACUITE A4+ ( Issuer not co-operating*)
	Term Loan	Long Term	8.43	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Secured Overdraft	Long Term	5.50	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Cash Credit	Short Term	6.50	ACUITE A4+ ( Issuer not co-operating*)
	Channel Financing	Short Term	3.00	ACUITE A4+ ( Issuer not co-operating*)
	Bank Guarantee	Short Term	0.50	ACUITE A4+ ( Issuer not co-operating*)
	Proposed Working Capital Demand Loan	Long Term	0.57	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Ad-hoc limits (Fund Based)	Short Term	1.95	ACUITE A4+ (Issuer not co-operating*)
	Channel Financing	Short Term	3.00	ACUITE A4+ (Issuer not co-operating*)
	Term Loan	Long Term	8.43	ACUITE BB (Issuer not co-operating*)
	Proposed Working Capital	Long		

29 Apr 2020	Demand Loan	Term	0.57	ACUITE BB (Issuer not co-operating*)
	Secured Overdraft	Long Term	5.50	ACUITE BB (Issuer not co-operating*)
	Bank Guarantee	Short Term	0.50	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Short Term	6.50	ACUITE A4+ (Issuer not co-operating*)
	Inventory Funding	Short Term	3.55	ACUITE A4+ (Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.60	ACUITE BB+   Stable   Upgraded
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.90	ACUITE BB+   Stable   Assigned
State Bank of India	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE A4+   Reaffirmed
HDFC Bank Ltd	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	4.80	ACUITE A4+   Reaffirmed
Axis Bank	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A4+   Reaffirmed
State Bank of India	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	0.38	ACUITE A4+   Reaffirmed
State Bank of India	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	29.62	ACUITE A4+   Assigned
HDFC Bank Ltd	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE A4+   Assigned
Bank of Baroda	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE A4+   Assigned
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	9.00	ACUITE BB+   Stable   Upgraded
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.98	ACUITE BB+   Stable   Assigned
HDFC Bank Ltd	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	0.22	ACUITE BB+   Stable   Upgraded



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### About Acuité Ratings & Research

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