



Press Release
JYOTI AUTOMOBILES PRIVATE LIMITED
March 11, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.70	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	84.80	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	101.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BB+**' (read as **ACUITE Double B Plus**) and also reaffirmed the short-term rating of '**ACUITE A4+**' (read as **ACUITE A Four plus**) on the Rs. 101.5 Cr. bank facilities of Jyoti Automobiles Private Limited (JAPL). The outlook is '**Stable**'.

Rationale for Reaffirmation

The rating factors steady scale of operations, moderate financial risk profile and moderate working capital operations. However, rating is partially constrained by inherent thin margins in auto dealership business due to limited bargaining power and highly competitive nature of automobile dealer business.

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 authorized dealer for Maruti Suzuki India Limited since 2009 and is engaged in the sale of new vehicles (through Nexa and Arena), pre-owned vehicles (under the "True Value" brand), and is an authorized dealer for Honda Motorcycle & Scooter India Pvt. Ltd. for their 2 wheelers vehicles. They also deal in spare parts and accessories.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered a standalone approach to the business and the financial profile of Jyoti Automobiles Private Limited (JAPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established market position and long track record of operations

JAPL was incorporated in the year 1998 and operates dealership of 4 wheelers (New Cars - NEXA and Arena divisions) for Maruti Suzuki India Limited, 4 Wheelers (Used Car) under TrueValue 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 the auto manufacturers. Acuité believes that JAPL will continue to

benefit from its established track record of operations and experienced management.

Moderate financial risk profile

The financial risk profile of the company is marked by moderate net-worth of Rs. 32.44 Cr. as on 31st March 2024 against Rs. 26.29 Cr. as on 31st March 2023. The slight improvement has been noticed because of Equity infusion of Rs. 2 Cr. and ploughing back of profits. The total debt of the company is Rs. 62.10 Cr. as on 31st March 2024 (LT – Rs. 3.68 Cr. and ST – Rs. 58.42 Cr.) against Rs. 40.59 Cr (LT – Rs. 8.46 Cr. and ST – Rs. 32.13 Cr.) as on 31st March 2023. The gearing stands at 1.91 times in FY24 against 1.54 times in FY23. Further, the interest coverage ratio of the company stood at 2.25 times in FY24 against 2.47 times in FY23. The debt service coverage ratio stood at 1.14 times in FY24 against 1.32 times in FY23. A slight moderation in the coverage indicators was observed because of the increase in the total debt and interest repayments of the company. The TOL/TNW stood at 2.30 times in FY24 against 2.03 times in FY23. Acuité believes that the financial risk profile of JAPL is likely to remain moderate over the medium term.

Improved scale of operations

The company has achieved a revenue of Rs. 358.51 Cr. in FY24 against Rs. 277.22 Cr. in FY23. The increase of 29.32% is attributed to the increased sales in Nexa Division by 37% and Arena Division by 11.5%. The EBITDA margins of the company stood at 3.75% in FY24 as compared to 3.41% in FY23. The PAT margins of the company stood at 1.24% in FY24 as compared to 1.14% in FY23. The increase in margins can be attributed to a reduction in administrative and other manufacturing costs relative to revenue. The topline of the company for 10M-FY25 is Rs. 326.27 Cr. Going forward, Acuité believes that JAPL is likely to observe a slight improvement in the business risk profile in the medium term.

Weaknesses

Exposure to intense industry competition

The passenger car industry in India is highly competitive. Being an authorized dealer for Maruti Suzuki, the company must compete with dealers of other car brands such as Hyundai, Mahendra & Mahendra etc. Auto manufacturers also encourage more dealerships (thereby increasing competition among dealers) to improve market penetration and sales. Acuité believes that the business risk profile may continue to be constrained by limited bargaining power with principals, and exposure to intense competition.

Thin profitability margins inherent in auto dealership business

The company's operating margins remained thin at 3.75% in FY24 as against 3.41% in FY23. Lower operating margins are attributable to the inherent nature of auto dealership business and lower bargaining power of the dealer. Acuité believes that profitability margins will continue to remain thin going forward considering the nature of business.

Moderation in Working Capital Operations

The working capital operations of the company remained moderate marked by GCA days which stood at 75 days as on 31st March 2024 against 62 days as on 31st March 2023. The slight moderation was noticed because of the increase in the inventory and debtor days. The inventory and debtor days of the company stood at 46 days and 11 days respectively as on 31st March 2024 against 35 days and 6 days respectively as on 31st March 2023. On the other hand, the creditor days of the company stood at 0 day as on 31st March 2024 against 1 day as on 31st March 2023. Acuité believes that JAPL's working capital cycle is likely to remain at similar levels over the medium term.

Rating Sensitivities

Movement in the scale of operations and margins

Movement in working capital requirement

Liquidity Position

Adequate

The company generated a net cash accrual of Rs. 6.28 Cr. as on 31st March 2024 against the debt repayment obligations of Rs. 4.78 Cr. in the same period. Going forward, the company is expected to generate sufficient net cash accruals to repay the debt obligations in near to medium term. The cash and bank balance of the company stood at Rs. 0.91 Cr. as on 31st March 2024. The current ratio of the company stood low at 1.02 times as on 31st March 2024 against 0.96 times as on 31st March 2023 because of the increase in the inventory. Further, the average bank limit utilization at the month end balance stood low at 70% for 6 months ending December 2024. Acuité believes that the liquidity of JAPL is likely to remain adequate over the medium term on account of steady net cash accruals.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	358.51	277.22
PAT	Rs. Cr.	4.45	3.16
PAT Margin	(%)	1.24	1.14
Total Debt/Tangible Net Worth	Times	1.91	1.54
PBDIT/Interest	Times	2.25	2.47

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Dec 2023	Inventory Funding	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Inventory Funding	Short Term	4.80	ACUITE A4+ (Reaffirmed)
	Inventory Funding	Short Term	2.00	ACUITE A4+ (Assigned)
	Inventory Funding	Short Term	10.00	ACUITE A4+ (Reaffirmed)
	Inventory Funding	Short Term	0.38	ACUITE A4+ (Reaffirmed)
	Inventory Funding	Short Term	29.62	ACUITE A4+ (Assigned)
	Inventory Funding	Short Term	8.00	ACUITE A4+ (Assigned)
	Term Loan	Long Term	9.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Cash Credit	Long Term	5.60	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Cash Credit	Long Term	0.90	ACUITE BB+ Stable (Assigned)
	Working Capital Term Loan	Long Term	0.22	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	0.98	ACUITE BB+ Stable (Assigned)
16 Jan 2023	Inventory Funding	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Inventory Funding	Short Term	0.38	ACUITE A4+ (Assigned)
	Inventory Funding	Short Term	4.80	ACUITE A4+ (Assigned)
	Inventory Funding	Short Term	10.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	5.50	ACUITE BB Stable (Assigned)
	Term Loan	Long Term	9.00	ACUITE BB Stable (Assigned)
	Working Capital Term Loan	Long Term	0.32	ACUITE BB Stable (Assigned)
25 Oct 2022	Cash Credit	Short Term	6.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Ad-hoc Limits (Fund Based)	Short Term	1.95	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Channel/Dealer/Vendor Financing	Short Term	3.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Inventory Funding	Short Term	3.55	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	8.43	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	5.50	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Proposed Working Capital Demand Loan	Long Term	0.57	ACUITE BB- (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.50	Simple	ACUITE BB+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.80	Simple	ACUITE A4+ Reaffirmed
Axis Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A4+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE A4+ Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A4+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.61	Simple	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	25 Dec 2023	Not avl. / Not appl.	25 Dec 2026	1.49	Simple	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	02 Sep 2020	Not avl. / Not appl.	02 Sep 2024	0.10	Simple	ACUITE BB+ Stable Reaffirmed

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About Acuité Ratings & Research

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