



**Rating Rationale**

**JMK Motors Pvt. Ltd.**

30Nov2018

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 11.26 Crores of JMK Motors Pvt. Ltd..**

**Particulars**

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based</b>			
eDFS	7.00	Long Term	<b>BWR B+</b> <b>(Pronounced as Single B Plus)</b> <b>Outlook : Stable</b>
Dropline OD	1.40		
CC (ABL)	2.86		
<b>Total</b>	<b>11.26</b>	<b>INR Eleven Crore and Twenty Six Lakhs Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financial results of the Company upto FY18, projected financials for FY19, publicly available information and information/clarifications provided by the management.

The rating draws strength from the experience of the promoters, diversification of business, improving overall gearing and conversion cycle and above average liquidity. The rating, however, is constrained by below average debt protection metrics and profit margins

**Description of Key Rating Drivers**

**Credit Strengths:**

- **Experience of the promoters and diversification of business :** The promoters have an experience of almost two decades spanning various industries Tanishq Franchise, Hero Automobile dealership, Toyota dealership and also running a five star hotel in Khajuraho. They have been in the automobile industry for more than a decade.
- **Moderate Financial Risk Profile :** TOL/TNW also has been improving at 1.45 in FY18 and 1.61X in FY17. Above average liquidity i.e. current ratio at 1.99X in FY18 and projected to improve further.
- **Improving Conversion Cycle** at 125 days in FY17 and 83 days in FY18 and projected to improve further.

**Credit Risks:**

- **Below average Profit Margins :** Net profit margin at 0.27% and operating profit margins at 3.09% in FY18.
- **Below average Debt Protection Metrics** i.e. ISCR and DSCR at 1.12X and 1.12X respectively in FY18.

**Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

**Rating Outlook : Stable**

BWR believes the **JMK Motors Pvt. Ltd.** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

**About the Company**

The company is in business of automobile dealership of passenger cars of TATA Motors. The Company has four showrooms. JMPL was incorporated in 2nd August, 2000 and became operative in 2000 itself. Rakesh Singh Baghel, Pratibha Singh and Ratnesh Singh Baghel are the directors in the company. Rakesh Baghel has an experience of almost two decades spanning various industries Tanishq Franchise, Hero Automobile dealership, Toyota dealership and also running a five star hotel in Khajuraho.

**Company Financial Performance**

During FY18, the company reported net revenues of Rs.54.91 Crs and PAT of Rs.0.15 Crs

**Key Financial Indicators**

Key Parameters	Units	2018	2017
<b>Result Type</b>			
Operating Revenue	₹ Cr	54.91	42.96
EBITDA	₹ Cr	1.69	1.75
PAT	₹ Cr	0.15	0.35
Tangible Net worth	₹ Cr	6.15	6.00
Total Debt/Tangible Net worth	Times	2.13	2.64
Current Ratio	Times	1.99	2.77

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Date, Month, Year	Date, Month, Year	Date, Month, Year
	<b>Fund Based</b> eDFS Dropline OD CC (ABL)	Long Term	7.00 1.40 2.86	<b>BWR B+ (Pronounced as Single B Plus) Outlook : Stable</b>	NA	NA	NA
	<b>Total</b>		<b>11.26</b>	<b>₹ Eleven Crore and Twenty Six Lakhs Only</b>			

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).



### **About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

### **DISCLAIMER**

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