

## Rating Rationale

Joshi Automobiles Pvt. Ltd.

24 April 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 12.00 Crs of Joshi Automobiles Pvt. Ltd.**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b><u>Fund Based</u></b>					
Cash Credit	11.90	11.90	Long Term	BWR BB Outlook: Stable	BWR BB Outlook: Stable Reaffirmed
<b><u>Non-Fund Based</u></b>					
Bank Guarantee	0.10	0.10	Short Term	BWR A4	BWR A4 Reaffirmed
<b>Total</b>	<b>Rs. 12.00 Crores (Rupees Twelve Crores Only)</b>				

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

### Rating Reaffirmed

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

The rating draws strength from promoters' vast experience in automobile dealership business and their ability to infuse funds, growing scale of operations Y-o-Y, longstanding relationship with Hyundai Motors India limited, and company's dominant position due to well established operations in the vicinity. The rating is, however, constrained owing to an average financial risk profile, declining net working capital, cyclicity associated with automobile industry, regulatory risks, and working capital intensive nature of operations.

**Analytical approach (Wherever applicable): NA**

**Rating Outlook: Stable**



BWR believes the **Joshi Automobiles Pvt. Ltd.'s** 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

Joshi Automobiles Private Limited (JAPL) was established in 2008 at Mohali, Punjab. It is engaged in the automobile dealership business of Hyundai Motor India Limited (HMIL). It has presence in Mohali city through its showroom and service center. The location is supported with 3S (Sales, Service Center and Spare parts sales) facility. Around 94% of JAPL's revenue is derived from sale of vehicles and the balance is from sale of spare parts, accessories and services. The Company is promoted by Mr. Deepak Joshi who is the Director of the company with more than 8 years of experience in the same line of business. Mr. Nikhil Joshi is the other director with more than 7 years of experience .

### Company Financial Performance

Company generated total operating income of Rs. 67.15 Crs in FY-16 as compared to Rs. 49.29 Crs in FY-15. Profit after Tax of the company stood at Rs. 0.42 Crs in FY-16 against Rs. 0.37 Crs in FY-15. As per the provisional financial statements of FY-17 provided by the company, JAPL has been able to record total operating income of Rs. 77.06 Crs with PAT of Rs. 0.61 Crs.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	11.90	BWR BB (Outlook: Stable) Reaffirmed	BWR BB (Outlook: Stable) Reaffirmed	BWR BB (Outlook: Stable)	N A
2	Bank Guarantee	Short Term	0.10	BWR A4 Reaffirmed	BWR A4	-	

**Status of non-cooperation with previous CRA (if applicable)-Reason and comments: NA**  
**Any other information: NA**



## Hyperlink/Reference to applicable Criteria

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

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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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