



Press Release
Regent Garage Private Limited
December 06, 2024
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	65.00	ACUITE BBB- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	65.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded the long-term rating to **"ACUITE BBB-" (read as ACUITE triple B minus)** from **"ACUITE BB" (read as ACUITE double Bo)** on the Rs. 65.00 crore bank facilities of Regent Garage Private Limited. The outlook is 'Stable'.

Rationale for Rating Upgrade

The rating factors the improvement in the company's scale of operations, marked by an operating income of Rs.341.03 Cr. in FY2024 as against Rs.276.41 Cr. in FY2023. The EBITDA margin and PAT margin of the company increased and stood at 3.16% and 2.43% respectively in FY 2024. The liquidity profile of the company is adequate marked by sufficient net cash accrual which stood at Rs.11.05 Cr. in FY2024 against maturing debt obligation of Rs.6.37 Cr. in the same period. In addition, the working capital operations of the company is moderate marked by GCA days of 75 days as on 31st March 2024 and the average fund based bank limit utilization stood at 67.74% for the past six months ended September 2024. Further, the financial risk profile of the company is moderate as suggested by improved gearing which stood at 2.20 times in FY2024 and coverage indicators i.e. interest coverage ratio (ICR) which stood at 2.26 times and debt service coverage ratio (DSCR) which stood at 1.28 times in FY 2024. However, the rating is partly offset by the operations of the company being vulnerable to the inherent cyclical nature of the automobile industry.

About the Company

Regent Garage Private Limited (RGPL) started operations in year 2008. The company is engaged in business of Dealers, Distributors, Stockiest, Buyers, Sellers, Importers, Exporters, Services and agents of all kinds of vehicles, equipment's, components and spare parts thereof. The Dealership has completed 10 years as Audi Dealer. The Directors of the company are Mr. Raghav Chandra, Mr. Dinesh Goyal and Mr. Shiwesh Kumar Thakur. The registered office is located at New Delhi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of RGPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced promoter and established track record of operations

The company was incorporated in 2008 and is engaged in dealership of 'Audi' cars in South Delhi Region. The company is promoted by Mr. Raghav Chandra, who has experience of more than two decades in the automobile

dealership business. The company currently owns one showroom in South Delhi and two workshops (rented) for services. Acuité believes that the company will continue to benefit from its established position in Delhi Region and established brand position of 'Audi'.

Growth in scale of operations

The company has dealership business of Audi and it has registered the revenue of Rs.341.03 Crore in FY24 from Rs.276.41 Crore in FY23. Revenue clocked by the company is increasing on year-on-year basis from service

centres as well as the showroom on account of increase in number of units sold. The EBITDA Margin of the company increased and stood at 3.16 % in FY24 as compared to 2.62% in FY23. Likewise, the PAT Margin of the company increased to 2.43% in FY24 from 2.12% in FY23. Further, the company has achieved revenue of Rs. 185.89 Cr. as on 30th September, 2024 and expects to have better top-line in near to medium term achieving operating revenue of around Rs. 375.13 Cr. in FY25.

Working Capital operations

The working capital operations of the company is moderate marked by GCA days of 75 days as on 31st March 2024 as compared to 77 days as on 31st March 2023. Further, the debtor days stood at 5 days as on 31st March 2024 as compared to 11 days in the previous year. On the other hand, the creditor days remained constant and stood at 6 days as on 31st March 2024 as well as 31st March 2023. The inventory days of the company stood at 49 days as on 31st March 2024 as compared to 41 days as on 31st March 2023. Further, working capital limits remained utilized at an average of 67.74% for the past six months ended September 2024. Acuité believes that the working capital operations are likely to remain similar in near to medium term.

Weaknesses

Thin profitability margins led by intense competition

As the company is in dealership business, it faces stiff competition from market leaders of industry with companies launching new models at competitive price. Further, RGPL also faces competition from other dealers of Audi. Acuite believes, that company's ability to improve its margins from service segments and through sale of automobile ancillaries would be key factor.

Rating Sensitivities

- Movement in the topline of the business
- Movement in working capital operations

Liquidity Position

Adequate

The liquidity profile of the company is adequate with net cash accruals of Rs.11.05 Cr. as on 31st March 2024 against the debt repayment obligation of Rs.6.37 Crore over the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.12.00 Crore to Rs.14.00 Crore against the debt repayment obligations up to Rs.5.44 Crore over the same period. The current ratio of the company stood at 0.80 times as on 31st March 2024 as against 0.74 times as on 31st March 2023. Further, the cash and bank balance available with the company stood at Rs.2.86 Crore as on 31st March 2024. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	341.03	276.41
PAT	Rs. Cr.	8.29	5.86
PAT Margin	(%)	2.43	2.12
Total Debt/Tangible Net Worth	Times	2.20	2.64
PBDIT/Interest	Times	2.26	2.11

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>
- 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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
28 Dec 2023	Cash Credit	Long Term	6.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	14.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Inventory Funding	Long Term	42.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	3.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
14 Oct 2022	Term Loan	Long Term	14.00	ACUITE BB Stable (Upgraded from ACUITE BB-)
	Inventory Funding	Long Term	42.00	ACUITE BB Stable (Upgraded from ACUITE BB-)
	Cash Credit	Long Term	3.00	ACUITE BB Stable (Upgraded from ACUITE BB-)
	Cash Credit	Long Term	6.00	ACUITE BB Stable (Upgraded from ACUITE BB-)
02 Mar 2022	Cash Credit	Long Term	6.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Term Loan	Long Term	0.91	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Inventory Funding	Long Term	2.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Inventory Funding	Long Term	2.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Proposed Long Term Bank Facility	Long Term	1.09	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 May 2027	14.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB)

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Archita Sharma Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.