



Press Release
JAMKASH VEHICLEADES PRIVATE LIMITED
March 25, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	97.04	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	21.20	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	118.24	-	-
Total Withdrawn Quantum (Rs.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 short term rating of “ACUITE A4+” (read as ACUITE A four plus) for Rs.118.24 Cr. bank loan facilities of Jamkash Vehicleades Private Limited. The outlook is ‘Stable’.

Rationale for reaffirmation

The rating reaffirmation and migration from 'Issuer Non-Cooperating' takes into account the intensive working capital operations marked by GCA days of 109 days as on 31st March, 2024 and fund based working capital limits stood at an average of 96.72% and non-fund based working capital limits stood at an average of 92.61% for the last six months ended December 2024. Further, the financial risk profile of the company is moderate as suggested by gearing ratio which stood at 1.75 times and coverage indicators as reflected by interest coverage ratio and debt service coverage ratio which stood at 1.96 times and 1.36 times respectively as on 31st March 2024 as against 1.88 times and 1.25 times respectively as on 31st March 2023 and 2.04 times and 1.58 times respectively as on 31st March 2022. However, the rating draws comfort from the established relationship with Maruti Suzuki Limited and extensive experience of the promoters in the automobile dealership industry. The rating also factors the steady scale of operations, marked by an operating income of Rs.487.10 Cr. in FY2024 and the EBITDA margin as well as PAT margin of the company which stood at 5.64% and 1.60% respectively in FY2024. In addition, liquidity profile is adequate marked by sufficient net cash accrual which stood at Rs.11.19 Cr. in FY2024 against maturing debt obligation of Rs.4.34 Cr. in the same period. Acuite notes that the operations of the company are vulnerable to the inherent cyclical nature of the automobile industry, lower bargaining power and the intense competition among the dealers.

About the Company

Incorporated in 1993, Jamkash Vehicleades Private Limited (JVPL), is an authorised dealer for all passenger cars of Maruti Suzuki India Limited (MSIL) in Jammu and Kashmir. It currently operates with more than 30 sales, service and spares (3S) showrooms of MSIL passenger vehicles in the state. The company has been associated with MSIL since 1995 and is one of its major dealers in North India. The company is promoted by Mr. Pritam Chand, Ms. Ketki Rana and Mrs. Gunjan Rana. JVPL has fully equipped workshops, customer care and body shop. The Body shop is the first of its kind in North Region and has been awarded “The Best Body Shop” in All India Dealer’s Conference of Maruti Suzuki India Ltd held at Paris in the year 2005.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Jamkash Vehicleleads Private Limited (JVPL) while arriving at the rating.

Key Rating Drivers

Strengths

Long operational track record, experienced management and established market position in Jammu and Kashmir

JVPL has been operating in the vehicle dealership sector for around three decades. The promoters also have about three decades of combined industry experience. With around 30 showrooms and service stations around J & K, the company has a stronghold on the market as the largest MSIL authorised dealer in Jammu & Kashmir. Acuité believes that the long operational track record of JVPL and promoters' extensive understanding and expertise will benefit the company going forward, resulting in steady growth in the scale of operations.

Steady Business Risk Profile

JVPL has registered the revenue of Rs.487.10 Cr. in FY2024 as against Rs.455.46 Cr. in FY2023. The operating margin of the company stood at 5.64 per cent in FY2024 as against 4.97 per cent in FY2023. The overall profitability margin improved to 1.60 per cent in FY2024 as against 1.35 per cent in FY2023. The increase in revenue and overall profitability is on an account of the incremental revenue contribution from the spares, accessories and service income and steady demand of PV in the domestic market. The RoCE levels for the company of 15.54 percent in FY2024 as against 14.06 percent in FY2023. The company has reported a revenue of Rs.376.43 Cr. as on 31st December, 2024. Going forward, Acuite believes that increasing demand for passenger vehicles along with revenue derived from segments including workshop income, sale of spares and accessories shall continue to support the revenue and profitability of JVPL to an extent and the company will sustain at healthy levels in near to medium term.

Weaknesses

Intensive Working capital operations

The working capital operations of company are intensive marked by GCA days of 109 days as on 31st March, 2024 as compared to 91 days as on 31st March, 2023. The high GCA days are mainly on account of high debtor period which stood at 69 days as on 31st March, 2024 as compared to 70 days in the previous year. The debtor period is high as the company sales to institutions which includes Army and other central Government agencies in J&K, from whom the proceeds are sometimes delayed. On the other hand, the creditor days stood at 22 days as on 31st March, 2024. The company has to maintain inventory of all the models of cars for display. The inventory days of the company stood at 39 days as on 31st March, 2024 as compared to 20 days as on 31st March, 2023 on an account of increase in maintenance of stocks/vehicles of Nexa and Arena models by the company. Further, fund based working capital limits stood high at an average of 96.72% and non-fund based working capital limits stood at an average of 92.61% for the last six months ended December, 2024. Acuite expects that the working capital operations of the company will remain at similar levels and will be key monitorable in near to medium term.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate, marked by modest net worth of Rs.62.55 Crore in FY2024 and Rs.54.77 Crore in FY2023. The increase in the net-worth is on an account of accretion of profits into reserves. Further, the total debt of the company stood at Rs.109.39 Crore as on 31st March, 2024 as against Rs.95.60 Crore as on 31st March, 2023. The capital structure of the company is moderate marked by gearing ratio which stood at 1.75 times as on 31st March, 2024. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio which stood at 1.96 times and 1.36 times respectively as on 31st March, 2024 as against 1.88 times and 1.25 times respectively as on 31st March, 2023 and 2.04 times and 1.58 times respectively as on 31st March, 2022. The TOL/TNW ratio of the company stood at 2.63 times as on 31st March, 2024 as against 2.45 times as on 31st March, 2023 and DEBT-EBITDA of the company stood at 3.85 times as on 31st March, 2024 as against 4.13 times as on 31st March, 2023. Acuité believes that going forward the financial risk profile of the company will remain in similar range in near to medium term.

Exposure to competition in the automotive dealership segment

The company's operations are dependent on Maruti Suzuki India Limited (MSIL). Though, JVPL is an exclusive dealer of Maruti Suzuki India Limited's entire range of passenger vehicles (PVs) in Jammu & Kashmir, this does not prevent Maruti Suzuki India Limited from appointing any new dealer in the region. Automotive manufacturers normally encourage multiple dealers in the same area to improve market penetration. Moreover, manufacturers face competition in their respective segments, and tend to squeeze margins of dealers to reduce cost. JVPL also faces competition from dealers of other vehicle manufacturers.

Rating Sensitivities

- Sustenance of the profitability margins while scaling up of operations.
- Further elongation of working capital cycle.

Liquidity Position

Adequate

The liquidity profile of the company is adequate with net cash accruals of Rs.11.19 Crore as on 31st March, 2024

against the debt repayment obligation of Rs.4.34 Crore over the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.14.00 Crore to Rs.16.00 Crore against the debt repayment obligations up to Rs.6.90 Crore over the same period. The working capital limits stood at an average of 96.72% for the last six months ended December, 2024. The current ratio of the company stood at 1.19 times as on 31st March, 2024 as against 1.03 times as on 31st March, 2023. Further, the cash and bank balance available with the company stood at Rs.0.81 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.	487.10	455.46
PAT	Rs. Cr.	7.78	6.15
PAT Margin	(%)	1.60	1.35
Total Debt/Tangible Net Worth	Times	1.75	1.75
PBDIT/Interest	Times	1.96	1.88

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, 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
18 Apr 2024	Bank Guarantee (BLR)	Short Term	21.20	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Channel/Dealer/Vendor Financing	Long Term	8.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Cash Credit	Long Term	60.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Term Loan	Long Term	3.86	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	12.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Proposed Cash Credit	Long Term	0.83	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	2.35	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
19 Jan 2023	Bank Guarantee (BLR)	Short Term	21.20	ACUITE A3+ (Assigned)
	Channel/Dealer/Vendor Financing	Long Term	8.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	60.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	3.86	ACUITE BBB Stable (Assigned)
	Covid Emergency Line.	Long Term	12.00	ACUITE BBB Stable (Assigned)
	Proposed Cash Credit	Long Term	0.83	ACUITE BBB Stable (Assigned)
	Covid Emergency Line.	Long Term	2.35	ACUITE BBB Stable (Assigned)
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
J&K Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.20	Simple	ACUITE A4+ Reaffirmed
J&K Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE BB+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2027	1.05	Simple	ACUITE BB+ Stable Reaffirmed
J&K Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2026	4.80	Simple	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.74	Simple	ACUITE BB+ Stable Reaffirmed
J&K Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2025	1.45	Simple	ACUITE BB+ Stable Reaffirmed

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About Acuité Ratings & Research

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