



Press Release
AAA VEHICLEADES PRIVATE LIMITED
March 25, 2025
Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	107.68	ACUITE BB+ Stable Upgraded	-
Bank Loan Ratings	17.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	144.68	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating at “ACUITE BB+” (read as ACUITE double B plus) from “ACUITE BB-” (read as ACUITE double B minus) and reaffirmed the short term rating of “ACUITE A4+” (read as ACUITE A four plus) on Rs.124.68 Cr. bank loan facilities of AAA Vehicleades Private Limited. The outlook is ‘Stable’.

Further, Acuite has assigned long term rating at “ACUITE BB+” (read as ACUITE double B plus) on Rs. 20.00 Cr. bank loan facilities of AAA Vehicleades Private Limited (AVPL). The outlook is ‘Stable’.

Rationale for upgrade

The rating upgrade and migration from 'Issuer Non-Cooperating' takes into account the established relationship with Maruti Suzuki India Limited and extensive experience of the promoters in the automobile dealership industry. The rating also factors the improvement in the company's scale of operations, marked by an operating income of Rs.350.58 Cr. in FY2024 as against Rs.314.47 Cr. in FY2023. The EBITDA margin and PAT margin of the company stood at 5.77% and 0.96% respectively in FY2024 as compared to 6.13% and 1.04% respectively in FY2023 and 9.41% and 2.15% respectively in FY2022. Further, the liquidity profile of the company is adequate marked by net cash accrual which stood at Rs.4.94 Cr. in FY2024 against maturing debt obligation of Rs.3.26 Cr. in the same period. In addition, the financial risk profile of the company is moderate as suggested by gearing ratio which stood at 1.63 times as on 31st March 2024 and coverage indicators i.e. interest coverage ratio (ICR) which stood at 1.43 times and debt service coverage ratio (DSCR) which stood at 1.10 times as on 31st March 2024. However, the rating remains constrained by the intensive working capital operations of the company marked by GCADays of 129 days as on 31st March 2024 and fund based working capital limits stood at an average of 76.25% for the last six months ended December, 2024 and the rating is further partly offset by the operations of the company being vulnerable to the inherent cyclical nature of the automobile industry and the intense competition among the dealers.

About the Company

AAA Vehicleades Private Limited was incorporated in 2008. It is an exclusive dealer for all passenger cars of Maruti Suzuki India Limited (MSIL) in New Delhi. The company is engaged in the sale of passenger vehicles, servicing of vehicles, sale of spare parts and sale of pre-owned cars, through its 7 showrooms/workshops across Delhi region. The current directors of the company are Mr. Pritam Chand, Ms. Ketki Rana and Mrs. Gunjan Rana.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of AAA Vehicleades Private Limited (AVPL) while arriving at the rating.

Strengths

Long track record of operations, experienced management and established distribution network in New Delhi

AVPL has over a decade of operational track record in the auto dealership industry. Further, the promoters have an experience of around three decades in the industry. The extensive experience of the management has helped the company establish long-term relations with the Maruti Suzuki India Limited (MSIL). Acuité believes that the long operational track record of AVPL and promoters' extensive understanding and expertise will benefit the company going forward, resulting in steady growth in the scale of operations. AVPL is the authorized dealer of MSIL's passenger cars with a wide distribution network of over 7 showrooms and service stations to strengthen its market position in New Delhi. Acuite believes that the stronghold on the market and established relationship with MSIL, will help the company sustain its business risk profile going forward.

Steady Business Risk Profile

AVPL has registered the revenue of Rs.350.58 Cr in FY2024 as against Rs.314.47 Cr. in FY2023. The company deals in the Nexa and Arena segments wherein Nexa has high- end / high-cost models like Maruti Invicto which fetch high margins however this has increased the cost of stocking/ maintenance of vehicles. On the other hand, Arena fetches comparatively lower margins. Therefore, the margins of the company majorly depends on the model-mix of the vehicles. The operating margin of the company stood at 5.77 per cent in FY2024 as against 6.13 per cent in FY2023 and the overall profitability margin stood at 0.96 per cent in FY2024 as against 1.04 per cent in FY2023. The margins were slightly lower as compared to previous years due the incremental costs borne due to the Nexa segment. Despite the slight decline in the overall profitability margins, AVPL has translated into healthy RoCE levels of about 13.05 percent in FY2024 as against 12.72 percent in FY2023. A steady demand has helped the company to report a revenue of Rs.264.00 Cr as on 31st December, 2024. Going forward, Acuite believes that steady 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 AVPL to an extent and the company will sustain at healthy levels in near to medium term.

Moderate Financial Risk Profile albeit low debt protection metrics

The financial risk profile of the company is moderate, marked by modest net worth of Rs.55.45 Crores in FY2024 and Rs.52.08 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.90.32 Crore as on 31st March, 2024 as against Rs.87.33 Crore as on 31st March, 2023. The capital structure of the company is moderate marked by gearing ratio which stood at 1.63 times as on 31st March, 2024 against 1.68 times as on 31st March, 2023. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio which stood at 1.43 times and 1.10 times respectively as on 31st March, 2024 as against 1.42 times and 1.07 times respectively as on 31st March, 2023. The TOL/TNW ratio of the company stood at 2.22 times as on 31st March, 2024 as against 1.85 times as on 31st March, 2023 and DEBT-EBITDA of the company stood at 4.46 times as on 31st March 2024 as against 4.53 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 with no debt funded capex plans.

Weaknesses

Intensive Working capital operations

The working capital operations of the company are intensive marked by GCA days of 129 days as on 31st March, 2024 as compared to 111 days as on 31st March, 2023. The high GCA days are mainly on account of high debtor and inventory period. The debtor days stood at 91 days as on 31st March, 2024 as compared to 65 days in the previous year. This is high as around 25-35 per cent of total sales is made to institutions against delivery order received from banks, the payment for which is received by the company subsequently. Further, the debtor days are also high on account of receivable from insurance companies in workshops. On the other hand, the creditor days stood at 31 days as on 31st March, 2024 as compared to 5 days as 31st March, 2023. The inventory days of the company stood at 44 days as on 31st March, 2024 as compared to 47 days as on 31st March, 2023. The company has to maintain inventory of all the models of cars for display at various showrooms. Further, working capital limits stood at an average of 76.25% for the last six months ended December, 2024. Acuité expects that the working capital operations are likely to remain similar in near to medium term as evident from the high collection mechanism and moderate inventory levels.

Exposure to competition in automotive dealership segment

The company's operations are dependent on MSIL. Though, AVPL is an exclusive dealer of MSIL's entire range of passenger vehicles (PVs) in New Delhi, 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. It further faces competition from car manufacturers other than MSIL. Moreover, manufacturers face competition in their respective segments, and tend to squeeze margins of dealers to reduce cost. AVPL 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.4.94 Crore as on 31st March, 2024 against the debt repayment obligation of Rs.3.26 Crore over the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.6.00 Crore to Rs.8.00 Crore against the debt repayment obligations up to Rs.3.18 Crore over the same period. The working capital limits stood at an average of 76.25% for the last six months ended December, 2024. The current ratio of the company stood at 1.25 times as on 31st March, 2024 as against 1.38 times as on 31st March, 2023. Further, the cash and bank balance available with the company stood at Rs.1.21 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.	350.58	314.47
PAT	Rs. Cr.	3.37	3.26
PAT Margin	(%)	0.96	1.04
Total Debt/Tangible Net Worth	Times	1.63	1.68
PBDIT/Interest	Times	1.43	1.42

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. 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
25 Jun 2024	Bank Guarantee (BLR)	Short Term	17.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	4.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Covid Emergency Line.	Long Term	29.68	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Cash Credit	Long Term	74.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
03 Apr 2023	Bank Guarantee (BLR)	Short Term	17.00	ACUITE A4+ (Assigned)
	Term Loan	Long Term	4.00	ACUITE BB Stable (Assigned)
	Covid Emergency Line.	Long Term	29.68	ACUITE BB Stable (Assigned)
	Cash Credit	Long Term	74.00	ACUITE BB 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.	17.00	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.	69.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
Union Bank of India	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BB+ Stable Assigned
J&K Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2029	9.38	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
J&K Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2026	8.35	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.26	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
Bank of Baroda	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
J&K Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2025	0.47	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
J&K Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2025	0.22	Simple	ACUITE BB+ 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.