



Press Release
J AND K VEHICLEADES PRIVATE LIMITED
March 25, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	46.25	ACUITE BB Stable Assigned	-
Bank Loan Ratings	0.50	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	46.75	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned long term rating at “**ACUITE BB**” (read as **ACUITE Double Ba**) and short term rating at “**ACUITE A4+**” (read as **ACUITE A four plus**) for Rs.46.75 Cr. bank loan facilities of J and K Vehicleades Private Limited (JKVPL). The outlook is ‘**Stable**’.

Rationale for rating

The rating 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 steady in the company’s scale of operations, marked by an operating income of Rs.143.82 Cr. in FY2024 as against Rs.120.62 Cr. in FY2023. The EBITDA margin and PAT margin of the company increased and stood at 6.41% and 5.21% respectively in FY2024. Further, the financial risk profile of the company is average as suggested by gearing ratio which stood at 4.11 times as on 31st March 2024 and coverage indicators i.e. interest coverage ratio (ICR) which stood at 1.64 times and debt service coverage ratio (DSCR) which stood at 1.00 times as on 31st March 2024. However, the rating remains constrained by the stretched liquidity profile and intensive working capital operations of the company marked by GCA days of 175 days as on 31st March 2024 and working capital limits at an average of 95.09% for the last six months ended December 2024. In addition, and 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

J and K Vehicleades Private Limited is a Private Company incorporated in 2001. It is classified as Non-Government Company and is registered at Registrar of Companies, Jammu. The present directors of the company are Mrs. Gunjan Rana, Ms. Ketki Rana. The company is an authorized dealer for the sale of passenger vehicles of Maruti Suzuki India Limited and is engaged in the sale of passenger vehicles, servicing of vehicles and sale of spare parts in Udhampur region.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of J and K Vehicleades Private Limited.

Key Rating Drivers

Strengths

Long operational track record and experienced management

JKVPL has been operating in the vehicle dealership sector for more than two decades. The extensive experience of the management has helped the company establish long-term relations with the Maruti Suzuki India Limited and strengthen its market position in Udhampur region in J &K. The company has an established market position in

Udhampur region with a wide distribution network with over 17 showrooms / workshops covering the area including Udhampur, Chenani, Doda, Ramnagar, Katra among others. Acuité believes that the long operational track record of JKVPL 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

JKVPL has registered the revenue of Rs.143.82 Cr. in FY2024 as against Rs.120.62 Cr. in FY2023. The operating margin of the company increased and stood at 6.41 per cent in FY2024 as against 5.21 per cent in FY2023. The overall profitability margin stood at 1.51 per cent in FY2024 as against 1.89 per cent in FY2023. The increase in revenue and operating profitability is on an account of the incremental revenue contribution from the spares, accessories and service income alongside cars being sold and steady demand of PV in the domestic market. The improved profitability margins have translated into moderate RoCE levels for the company of 13.02 percent in FY2024 as against 12.23 percent in FY2023. Further, the company has reported a revenue of Rs.122.26 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 JKVPL 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 the company is intensive marked by GCA days of 175 days as on 31st March, 2024 as compared to 181 days as on 31st March, 2023. The high GCA is on an account of high debtor days which stood at 109 days as on 31st March 2024 as compared to 126 days in the previous year. The debtor period is high as the company sales vehicles to Army and other Government agencies, from whom the proceeds are sometimes delayed. On the other hand, the creditor days stood at 8 days as on 31st March, 2024 as compared to 4 days as 31st March, 2023. The company has to maintain inventory of all the models of cars for display. The inventory days of the company stood at 71 days as on 31st March, 2024 as compared to 51 days as on 31st March, 2023 on an account of increase in stocking / maintenance of nexa and arena models by the company. Further, working capital limits stood at an average of 95.09% for the last six months ended December, 2024. Acuité expects that the working capital operations are likely to remain similar range and will be key monitorable in near to medium term.

Average Financial Risk Profile

The financial risk profile of the company is average, marked by net worth of Rs.14.07 Crore in FY2024 and Rs.11.87 Cr. 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.57.83 Crore as on 31st March, 2024 as against Rs.50.58 Crore as on 31st March, 2023. The capital structure of the company is marked by a high gearing ratio which stood at 4.11 times as on 31st March, 2024 against 4.26 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 1.64 times and 1.00 times respectively as on 31st March, 2024 as against 2.41 times and 2.08 times respectively as on 31st March, 2023. The TOL/TNW ratio of the company stood at 4.48 times as on 31st March, 2024 as against 4.68 times as on 31st March, 2023 and DEBT-EBITDA of the company stood at 6.13 times as on 31st March, 2024 as against 7.87 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 major debt funded capex plans.

Rating Sensitivities

- Sustenance of the profitability margins while scaling up of operations.
- Working capital cycle.

Liquidity Position Stretched

The liquidity profile of the company is stretched with net cash accruals of Rs.2.85 Crore as on 31st March, 2024 against the debt repayment obligation of Rs.2.82 Crore over the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.3.50 Crore to Rs.5.00 Crore against the debt repayment obligations up to Rs.2.76 Crore over the same period. The working capital limits stood at an average of 95.09% for the last six months ended December 2024. The current ratio of the company stood at 1.24 times as on 31st March 2024 as against 1.26 times as on 31st March 2023. Further, the cash and bank balance available with

the company stood at Rs.1.07 Crore as on 31st March, 2024. Acuité believes that going forward the ability of the company to maintain its liquidity position will remain sensitive factor.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	143.82	120.62
PAT	Rs. Cr.	2.17	2.28
PAT Margin	(%)	1.51	1.89
Total Debt/Tangible Net Worth	Times	4.11	4.26
PBDIT/Interest	Times	1.64	2.41

Status of non-cooperation with previous CRA (if applicable)

None

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, Acuite 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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab and Sind Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE A4+ Assigned
Punjab and Sind Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.50	Simple	ACUITE BB Stable Assigned
State Bank of India	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 Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2027	0.86	Simple	ACUITE BB Stable Assigned
Punjab and Sind Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2027	0.19	Simple	ACUITE BB Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.70	Simple	ACUITE BB Stable Assigned

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About Acuité Ratings & Research

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