



Press Release
SPEEDINGO INDIA PRIVATE LIMITED
April 07, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	48.50	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	8.50	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	57.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 48.50 Cr. bank facilities and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) Rs. 8.50 Cr. bank facilities of Speedingo India Private Limited. The outlook is '**Stable**'.

Rationale for rating

The rating takes into cognizance the experienced promoters and relationship with KIA India Private Limited, efficient working capital cycle, adequate liquidity; However, these strengths are partly offset by declining revenues albeit increase in operating profitability and average financial risk profile.

About the Company

Delhi based, Speedingo India Private Limited was incorporated in 1995. The company is an auto dealer for KIA India Pvt Ltd cars and related parts. They serve as authorized dealer of KIA Motors. The Company has one showroom each in Patparganj, Gokalpuri and Dilshad Garden, all in East Delhi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profile of Speedingo India Private Limited

Key Rating Drivers

Strengths

Benefits derived from experienced promoters

The operations of the company are managed by Mr. Atul Jain, Mr. Vaibhav Jain, Mr. Atishay Jain and Mrs Shiksha Jain. Mr. Atul Jain and Mrs. Shiksha Jain are involved in the business from 52 years in trading and manufacturing of parts of earthmoving equipment. The other directors Mr Vaibhav Jain and Mr Atishay Jain are in the business since 14 years. Acuite believes that the experience of the promoters and their contracts with KIA Motors will benefit the company going forward.

Efficient Working Capital Cycle

The operations of the company have an efficient working capital requirement as reflected from Gross Current Assets of 83 days as on March 31, 2024 as compared to 46 days as on March 31, 2023. The inventory days stood at 59 days as on March 31, 2024 as compared to 27 days as on March 31, 2023. The debtor days stand to 5 days as on March 31, 2024 as compared to 3 days as on March 31, 2023 due to retail nature of business. The creditor days stand at 2 days as on March 31, 2024 as compared to 1 day as on March 31, 2023. Acuite believes that working

capital requirements are expected to remain efficient in the near to medium term due to nature of operations.

Weaknesses

Declining Revenues albeit increase in operating profitability

The revenues have slightly declined to Rs. 264.71 Cr. as on March 31, 2024 as compared to Rs. 269.46 Cr. as on March 31, 2023 on account of decrease in the number of cars sold during the year. The operating profitability has increased to 2.27 percent as on March 31, 2024 as compared to 1.90 percent March 31, 2023 due to a decrease in fixed establishment costs.

The company is undergoing capex plans which include, new workshop to be opened at Patpargunj. The construction of the same is expected to be completed in October 25 at a cost of Rs. 2-2.5 Cr. to be funded by internal accruals and unsecured loans to be brought in if required. Acuite believes that the scale of operations of the company is expected to remain at similar levels over the medium term.

Average Financial risk profile

The financial risk profile of the company is average marked by low net worth, high gearing and declining debt protection metrics. The tangible net worth stood at Rs. 13.02 Cr. as on March 31, 2024 as compared to Rs. 10.85 Cr. as on March 31, 2023 due to accretion of profits to reserves. Gearing stood at 2.99 times as on March 31, 2024 compared to 1.65 times in FY2023 due to increase in short term borrowings due to higher inventory for newer car models maintained. The TOL/TNW stood at 3.91 times as on March 31, 2024 as compared to 2.40 times as on March 31, 2023. The company has no long-term debt and has also no plans to further avail new term loans. The interest coverage ratio stood at 2.01 times as on March 31, 2024 compared to 4.09 times as on March 31, 2023. The debt service coverage ratio declined to 1.81 times as on March 31, 2024 as compared to 3.53 times as on March 31, 2023. . The debt protection metrics declined due to increased reliance on working capital borrowings. Acuite believes that the company's financial risk profile will remain average backed by small, cash accruals, average capital structure and debt protection metrics due to low profitability and reliance on bank borrowings over the medium term.

Rating Sensitivities

Movement in revenues and operating profitability

Working Capital Cycle

Movement in debt protection metrics

Liquidity Position

Adequate

The liquidity is adequate marked by steady net cash accruals of Rs. 2.82 Cr. as on March 31, 2024 against nil debt repayments. The cash and bank balances stood at Rs. 4.02 Cr. as on March 31, 2024 as compared to Rs. 7.42 Cr. as on March 31, 2023. The current ratio stood low at 1.18 times as on March 31, 2024 as compared to 1.30 times as on March 31, 2023. The average bank limit utilization is 79 percent for seven months ended, January 25. Acuite believes that going forward the liquidity position of the company will remain adequate in the near to medium term with small, but steady accruals and absence of any debt funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	264.71	269.46
PAT	Rs. Cr.	2.18	2.51
PAT Margin	(%)	0.82	0.93
Total Debt/Tangible Net Worth	Times	2.99	1.65
PBDIT/Interest	Times	2.01	4.09

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, 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: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
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A4+ Assigned
Bank of Baroda	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.50	Simple	ACUITE A4+ Assigned
State Bank of India	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	48.50	Simple	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

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