



Press Release
BRD CAR WORLD LIMITED
June 26, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE BBB- Negative Assigned	-
Bank Loan Ratings	51.50	ACUITE BBB- Negative Reaffirmed Stable to Negative	-
Bank Loan Ratings	1.00	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	62.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of 'ACUITE BBB-' (read as ACUITE Triple B minus) and the short-term rating of 'ACUITE A3' (read as ACUITE A three) on Rs.52.50 Cr. bank facilities of BRD Car World Limited (BRDCWL). The outlook is revised from 'Stable' to 'Negative'. Further, Acuite has assigned the long-term rating of 'ACUITE BBB-' (read as ACUITE Triple B minus) on Rs.10.00 Cr. bank facility of BRD Car World Limited (BRDCWL). The outlook is 'Negative'.

Rationale for rating

The outlook is revised from 'Stable' to 'Negative' on account of lower operating and profitability margins in FY25 (Prov.) as compared to previous year due to significant increase in sales expenses owing to stiff competition. The revision also considers high utilization of its working capital limits. Further, the rating reaffirmation takes into account the established track record of the company as reflected by stable growth in the operating income along with adequate liquidity position. However, the rating is constrained by moderate financial risk profile and moderate working capital operations.

About the Company

Incorporated in 2008, BRD Car World Limited (BRDCWL) is a Kerala-based authorised dealer for vehicles of Maruti Suzuki India Limited (MSIL) operating in 3 districts of Kerala- Thrissur, Ernakulam and Palakkad with 13 Arena Sales outlets, 13 Service outlets, 2 True Value showrooms, 1 Maruti Driving School, 2 NEXA Showroom, and 1 Commercial Vehicle showroom. The company deals in sales of new cars, pre-owned cars and body works services. The company is promoted by Mr. C. C. William Verghese, Mr. C. C. Simon, Late Mr. K. C. Seemon and Mr. Shibu Job Cheeraan and is currently led by Mr. C. C. Simon and Jijin. C. Surendran.

Unsupported Rating

Not Applicable

Analytical Approach

For arriving at its rating, Acuite has considered the standalone business and financial risk profile of BRDCWL.

Key Rating Drivers

Strengths

Established track record and experienced management

BRDCWL is part of the BRD Group of Companies that is engaged in chit funds, hire purchase, asset financing, vehicle sales and industrial training. The company benefits from its experienced management with directors having around four decades of experience in the automobile dealership business.

Growing scale of operations

The revenue of the company improved at Rs.382.31 Cr. in FY25(Prov.) against Rs.367.34 Cr. in FY24 owing to increase in sales volume. These are supported by increasing investments in outlets, inauguration of one new showroom in FY24 and three showrooms in FY25. The company makes ~70-75 percent of its income from the sale of cars and the rest through sales of pre-owned cars, body works and also through the driving school.

Weaknesses

Moderate financial risk profile

The company has moderate financial risk profile marked by marginal improvement in tangible net worth and moderate debt protection metrics and gearing ratios. The gearing level of the company increased to 1.26 times as on 31st March, 2025 (Prov.) as against 1.19 times as on 31st March, 2024 because of increase in working capital borrowings. Further, the coverage ratios also moderated with Interest Coverage Ratio (ICR) of 1.65 times for FY25(Prov.) against 2.58 times for FY24 and Debt Service Coverage Ratio (DSCR) of 1.27 times for FY25(Prov.) against 1.83 times for FY24. Further, in FY26 the company has availed a long-term borrowings of Rs.5.00 Cr. for its new showroom.

Moderate working capital management

The working capital management of the company is moderately intensive marked by gross current assets (GCA) of 89 days as on 31st March, 2025 (Prov.) (77 days as on 31st March 2024). This includes inventory days which stood moderately high at 64 days in FY25(Prov.) against 54 days in FY24 on account of lower sales of new cars in certain months and for the newly inaugurated showroom. Moreover, the debtor days stood low as, ~55 percent of the cars are sold through vehicle loans/new car finance, the amount from the same is receivable within 3-4 days from the bank and the remaining through customer's own funds.

Stiff competition from other dealers and brands

MSIL's focus on expanding its dealership network is expected to increase competition among its own dealers. Further, the company is also exposed to intense competition from other automobile companies such as Honda, Tata Motors, Hyundai, Mahindra and Kia to name a few. This stiff competition has impacted the operating margin of company in FY25 reducing it to 1.29 percent as against 2.71 percent in FY24. Moreover, the rating is constrained by the inherent cyclicity in the automobile sector and outlook for passenger cars.

Rating Sensitivities

- Growing scale of operations along with improvement in profitability margins.
- Further deterioration in financial risk profile.
- Significant stretch in the working capital utilizations affecting the liquidity.

Liquidity Position

Adequate

The company has an adequate liquidity position marked by net cash accruals of Rs.3.73 Cr. as against its maturing debt obligations of Rs.1.71 Cr. in FY2025. The cash accruals of the company are estimated to have remained around Rs.3.50-4.50 Cr. during 2025-26. Going forward, the cash accruals are expected to remain in the range of Rs.3.50-4.50 Cr. during 2025-26. However, the average bank limit utilization for the fund based limits stood high at ~97 percent for the last seven months ended April 2025. Furthermore, the company maintained an unencumbered cash and bank balances of Rs.2.50 Cr. as on 31st March, 2025 (Prov.) and current ratio stood low at 0.90 times as on March 31, 2025 (Prov.).

Outlook: Negative

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	382.31	367.34
PAT	Rs. Cr.	0.73	4.47
PAT Margin	(%)	0.19	1.22
Total Debt/Tangible Net Worth	Times	1.26	1.19
PBDIT/Interest	Times	1.65	2.58

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
02 Jan 2025	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A3 (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	9.50	ACUITE BBB- Stable (Reaffirmed)
12 Dec 2024	Cash Credit	Long Term	25.50	ACUITE BBB- Stable (Upgraded from ACUITE BB)
	Cash Credit	Long Term	4.50	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BBB- Stable (Upgraded from ACUITE BB)
	Cash Credit	Long Term	8.00	ACUITE BBB- Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	9.50	ACUITE BBB- Stable (Upgraded from ACUITE BB)
30 Oct 2023	Cash Credit	Long Term	25.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	11.99	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.01	ACUITE BB (Reaffirmed & Issuer not co-operating*)
17 Aug 2022	Cash Credit	Long Term	25.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	11.99	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Cash Credit	Long Term	8.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	2.01	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
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A3 Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Negative Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.07	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Axis Bank	Not avl. / Not appl.	Term Loan	27 Mar 2023	Not avl. / Not appl.	20 Mar 2030	8.43	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Axis Bank	Not avl. / Not appl.	Term Loan	31 Mar 2025	Not avl. / Not appl.	30 Apr 2032	5.00	Simple	ACUITE BBB- Negative Assigned

Contacts

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About Acuité Ratings & Research

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