

May 14, 2025

Jamkash Vehicleades (Kashmir) Private Limited: [ICRA] BBB(Stable)/[ICRA]A3+; assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash Credit	25.40	[ICRA] BBB(Stable); assigned
Long-term – Fund-based –Inventory funding facility	30.00	[ICRA] BBB(Stable); assigned
Long-term – Fund-based -Inventory funding facility (proposed)	45.00	[ICRA] BBB(Stable); assigned
Short-term – Non-fund Based Limits – Bank Guarantee	12.60	[ICRA] A3+; assigned
Long-term – Fund-based -Term loan	1.70	[ICRA] BBB(Stable); assigned
Long term – Fund based – Term loan (GECL)	20.15	[ICRA] BBB(Stable); assigned
Short-term fund-based/non-fund based bank facilities -ad-hoc limit	9.00	[ICRA] A3+; assigned
Long term/short term- Unallocated	0.15	[ICRA] BBB(Stable)/[ICRA]A3+; assigned
Total	144.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings assigned to Jamkash Vehicleades (Kashmir) Private Limited (JVKPL) factor in the company's established presence and long experience of its promoters (Mr. Irfan Ahmad Narwaroo and Jamkash Vehicleades Private Limited [JVPL]) in the automotive dealership industry. The company maintains a healthy relationship with Maruti Suzuki India Ltd (MSIL), the market leader in the domestic passenger vehicle (PV) market and remains the largest dealership for the original equipment manufacturer (OEM) in Kashmir. The ratings assigned also factor in the company's comfortable financial risk profile, characterised by Interest coverage of 3.4-3.6 times/annum. An expectation of steady demand in the PV industry coupled with JVKPL's leadership position in Kashmir provides healthy revenues/earnings visibility and is likely to help the company maintain a comfortable credit profile.

The company recorded revenues of ~Rs. 690 crore with a healthy YoY growth of ~20% in FY2024 on the back of a ~4% YoY rise in volumes and a ~17% increase in the average realisation per vehicle sold. This remained supported by healthy demand levels and sequential easing of supply constraints. The company's revenues are further estimated to reach ~Rs. 727 crore in FY2025, reporting an YoY growth of ~5% (as per FY2025 provisional financials), considering a marginal increase in domestic PVs sales in the fiscal. The company's net profitability is expected to improve to ~Rs. 12.9 crore in FY2025 from Rs. 9.8 crore in FY2024, aided by cost efficiencies, even as its earnings in FY2025 remained impacted by increased interest costs on account of elevated inventory holding. The growth in the company's operating income is likely to remain supported by expansion plans in Kashmir, new launches by its principal - MSIL, and improved realisations. Increased scale and stable margins are expected to result in improved earnings and support debt protection metrics.

These strengths are partially offset by product and geographical concentration in revenue as the company derives more than 80% of the revenues from the sale of vehicles and remaining from service and sale of spare parts/accessories. JVKPL's all the outlets are in Kashmir and thus remains exposed to any economic downturn in the state. In this context, the impact of the ongoing geopolitical developments on the state's economy and the company's business would be monitored. ICRA also notes the company's exposure to intense competition and susceptibility to cyclical in the auto industry. Further, the company's main source of revenue is vehicle sales, which generate thin margins due to the inherent nature of the dealership business.

The Stable outlook reflects ICRA's expectation that the company will continue to maintain a comfortable financial profile, and will benefit from its established presence in Kashmir, and MSIL's position as a market leader in the domestic passenger vehicles segment.

Key rating drivers and their description

Credit strengths

Long track record of operations and leadership position for MSIL in Kashmir – Owing to its association with MSIL for more than two decades, JVKPL has established a strong market position as MSIL's dealer, mainly in northern Kashmir. It has 23 outlets across seven districts including 14 showrooms that operate as 3S (sales, service, spares) outlets in the state. Out of these 14 showrooms, two are Nexa showrooms and one is commercial, apart from one True Value outlet in Kashmir. A large number of these showrooms are owned by the company. JVKPL sold ~13,000 new vehicles in FY2025, which stood slightly higher than 12,491 vehicles sold in the preceding year. The company, being the largest MSIL dealer in Kashmir, holds a market share of ~80% in the region. The experienced management and its established presence have helped JVKPL to expand and achieve a leadership position in the state.

Comfortable financial risk profile – The company's debt protection metrics remain adequate, as indicated by an interest coverage of 3.2 times in FY2024 and FY2025 (provisional); it is likely to improve to over 3.5-4 times in the near term, aided by an improvement in the operating profitability. The capital structure of the company has also remained comfortable marked by networth of ~Rs 63 crore as on March 31, 2025. The company had working capital outstanding of ~Rs 69 crore and long-term loan (from banks) outstanding of ~Rs 22 crore as on March 31, 2025. Any major debt-funded capex along with an increase in working capital requirement will remain a key monitorable.

Credit challenges

Product and geographical concentration of revenue – The company generates more than 80% of its revenue from the sale of PVs and 10-20% from the sale of spare parts/accessories and car servicing. Besides, JVKPL's revenues are concentrated in Kashmir (largely northern and central parts of Kashmir) as all its sales outlets and service centres are in the same region. The company plans to expand its presence in southern Kashmir over the near-to-medium term. This leads to geographical concentration in revenue as any economic downturn, particularly in the state, might impact the company's business performance. In this context, the impact of the ongoing geopolitical developments on the state's economy and the company's business prospects would be monitored.

Low profitability inherent to the nature of business – OEMs encourage dealers to improve sales, leading to intense competition among them. The same also leads to susceptibility in operating margins as the dealers have to extend higher discounts in a competitive market. Further, commissions of dealers, received from the principal, may fluctuate, which constrains the business of auto dealerships. JVKPL's operating profit margins (OPM) have historically been thin at ~4%. JVKPL also faces revenue concentration as its entire revenues are solely dependent on a single principal, MSIL.

Susceptibility to cyclical in the auto industry – The company, by virtue of being in the auto dealership industry, is susceptible to the risks arising from its cyclical nature. Further, uncertainties in the economy or monetary tightening measures, such as higher interest rates, may have a significant impact on the business.

Liquidity position: Adequate

JVKPL's liquidity is expected to remain adequate, characterised by free cash and bank balances of Rs. 9-10 crore as of March 2025. Its working capital utilisation remains high as its sanctioned limits have remained largely utilised in FY2025. The expected cash accrual of Rs. 16-18 crore against the annual repayment obligation of Rs. 6-8 crore in FY2026 (majorly towards GECL loan from J&K Bank) provides comfort. Capex requirements of Rs. 7-8 crore in FY2026 are expected to be partly funded through debt.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a healthy improvement in the sales volume and revenues, while improving its profitability and debt metrics on a sustained basis. Specific credit metric for ratings upgrade would include an interest coverage above 4 times on a sustained basis.

Negative factors – The ratings could be downgraded if there is a material decline in the operating revenues/earnings, or a stretch in the working capital cycle, weakening the liquidity position or debt protection metrics. Specific credit metrics, which could lead to ratings downgrade, include a decline in the interest coverage to less than 3 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Automobile Dealers
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 2009, Jamkash Vehicleades (Kashmir) Pvt. Ltd. (JVKPL) is an authorised dealer of MSIL. Set up by Mr. Irfan Ahmad and Late Devendra Rana, it was the first dealership of the Vehicleades Group in Kashmir. JVKPL is owned 50% each by Mr. Irfan Ahmad and JVPL. While the company operates out of Kashmir, the parent entity operates in the Jammu region. The day-to-day operations of JVKPL are entirely handled by Mr. Irfan Ahmad and his son, Mr. Awaan Ahmad. The company has 14 showrooms that operate as 3S (sales, service, spares) outlets in the state. It sells vehicles mainly in the economical segment with vehicle price ranging under ~Rs. 7 lakh.

The dealership has standard showrooms and workshops at Hyderpora (Srinagar), Kupwara, Baramulla, Bandipora, Pattan, Ganderbal, Kangan, Uri, Handwara, Narbal, Magam, Srinagar, Sheikhpura and Kralpora, among others (across seven districts). Besides sale of new MSIL vehicles, this dealership offers accessories, Maruti Suzuki True Value (used cars), Maruti Suzuki insurance, registration facilities and assistance to the customers in getting vehicle loans from banks. The entity has a Maruti Genuine Parts (MGP) store for spares, and an integral body repair shop at workshops with all latest facilities.

Key financial indicators (audited)

JVKPL (Standalone)	FY2024	FY2025*
Operating income	689.8	727.4
PAT	9.8	12.9
OPBDIT/OI	3.8%	4.1%
PAT/OI	1.4%	1.8%
Total outside liabilities/Tangible net worth (times)	2.6	2.4
Total debt/OPBDIT (times)	3.6	3.8
Interest coverage (times)	3.2	3.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation, *- Provisional numbers

Status of non-cooperation with previous CRA

CRA	Rating Action	Date of Release
Brickwork	BWR B +/Stable/ BWR A4; ISSUER NOT COOPERATING	February 28, 2025

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 14, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash Credit	Long term	25.40	[ICRA] BBB(Stable)	-	-	-	-	-	-
Fund-based –Inventory funding facility	Long term	30.00	[ICRA] BBB(Stable)	-	-	-	-	-	-
Fund-based -Inventory funding facility (proposed)	Long term	45.00	[ICRA] BBB(Stable)	-	-	-	-	-	-
Non-fund Based Limits – Bank Guarantee	Short-term	12.60	[ICRA] A3+	-	-	-	-	-	-
Fund-based -Term loan	Long term	1.70	[ICRA] BBB(Stable)	-	-	-	-	-	-
Fund based – Term loan (GECL)	Long term	20.15	[ICRA] BBB(Stable)	-	-	-	-	-	-
Fund-based/non-fund based bank facilities -ad-hoc limit	Short-term	9.00	[ICRA] A3+	-	-	-	-	-	-
Unallocated	Long term/short term	0.15	[ICRA]BBB(Stable)/ [ICRA]A3+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Cash Credit	Simple
Long-term – Fund-based –Inventory funding facility	Simple
Long-term – Fund-based -Inventory funding facility (proposed)	Simple
Short-term – Non-fund Based Limits – Bank Guarantee	Very simple
Long-term – Fund-based -Term loan	Simple
Long term – Fund based – Term loan (GECL)	Simple
Short-term fund-based/non-fund based bank facilities -ad-hoc limit	Simple
Long term/short term- Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based – Cash Credit	NA	NA	NA	25.40	[ICRA] BBB(Stable)
NA	Fund-based –Inventory funding facility	NA	NA	NA	30.00	[ICRA] BBB(Stable)
NA	Fund-based -Inventory funding facility (proposed)	NA	NA	NA	45.00	[ICRA] BBB(Stable)
NA	Non-fund Based Limits – Bank Guarantee	NA	NA	NA	12.60	[ICRA] A3+
NA	Fund-based -Term loan	FY2016- FY2019**	NA	FY2026	1.70	[ICRA] BBB(Stable)
NA	Fund based – Term loan (GECL)	FY2023	NA	FY2029	18.29	[ICRA] BBB(Stable)
NA	Fund based – Term loan (GECL)	FY2025*	NA	FY2028	1.86	[ICRA] BBB(Stable)
NA	Fund-based/non-fund based bank facilities -ad-hoc limit	NA	NA	NA	9.00	[ICRA] A3+
NA	Unallocated	NA	NA	NA	0.15	[ICRA] BBB(Stable)/ [ICRA]A3+

Source: Company; *based on last renewal letter; **issued in multiple tranches

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis- Not applicable

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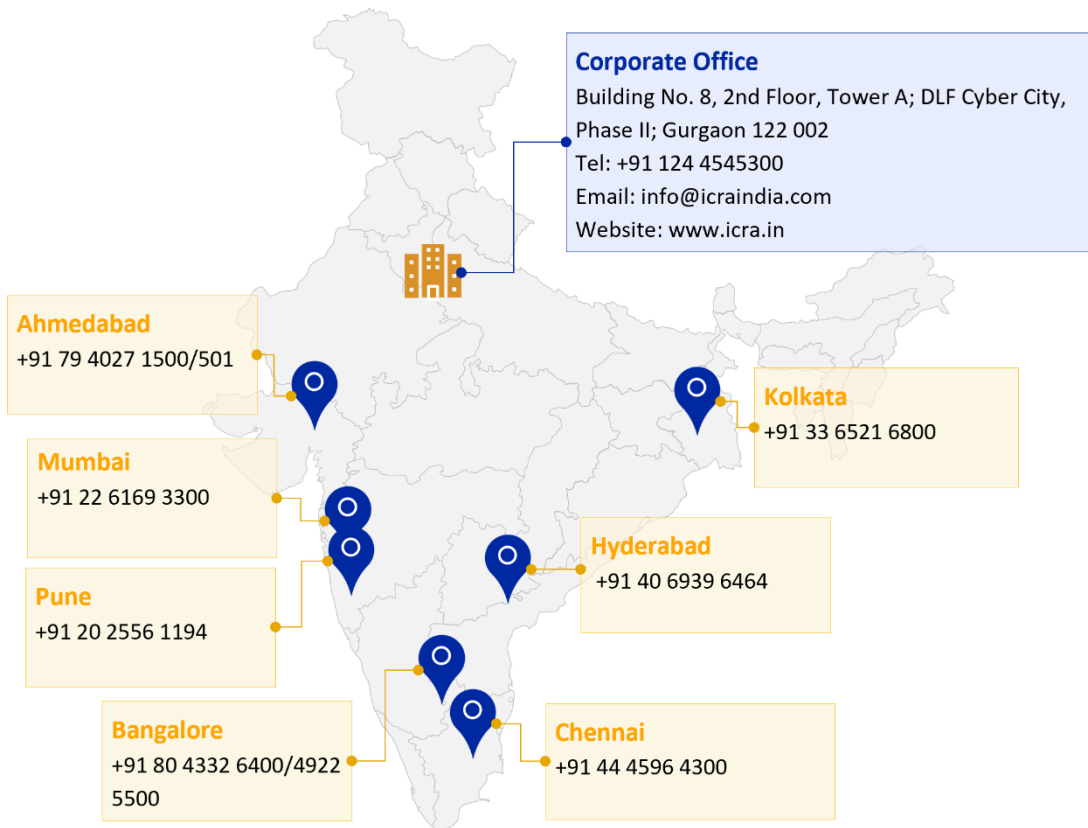
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Branches



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