

## Salasar Avenue Megacorp Private Limited

December 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	64.00	CARE BB; Stable	Upgraded from CARE BB-; Stable
Long Term / Short Term Bank Facilities	18.00	CARE BB; Stable / CARE A4	LT rating upgraded from CARE BB-; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The upgrade in the ratings assigned to bank facilities of Salasar Avenue Megacorp Private Limited (SAMPL) factors in the continuous growing scale of operations with improvement in financial risk profile of the company on the back of growing demand for the vehicles of principal manufacturer i.e. Mahindra and Mahindra Ltd (Mahindra).

The ratings continue to be constrained by its thin profitability margins, leveraged capital structure and moderate debt coverage indicators. The ratings are further constrained by company's fortunes linked with performance of the principal, limited bargaining power with principal automobile manufacturer and presence in cyclical and intensely competitive automotive industry.

The above rating weaknesses are, however, partially offset by strength derive from SAMPLs long track record of operations with experienced promoters and continuous increase in scale of operations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained increase in scale of operations along with improvement in profitability margins
- Sustained improvement in capital structure and debt coverage indicators marked by interest coverage exceeding 1.75 times on sustained basis.

#### Negative factors

- Significant decline in scale of operations marked by total operating income (TOI) reaching below ₹300 crore on a sustained basis
- Deterioration in the debt coverage indicators marked by interest coverage below 1.25x on a sustained basis
- Deterioration in the operating cycle exceeding 60 days leading to further deterioration in the liquidity profile of the company on a sustained basis

**Analytical approach:** Standalone

#### Outlook: Stable

The 'Stable' rating outlook reflects CARE Ratings Limited (CARE Ratings) belief that SAMPL will sustain its scale of operations on the back of experienced promoters in the auto dealership business with stable demand for passenger and commercial vehicles in the targeted market.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Leveraged Capital Structure & moderate debt coverage indicators

The capital structure of the company improved year-on-year but remained leveraged marked by overall gearing at 5.48x as on March 31, 2025 compared to 7.92x on March 31, 2024. The slight improvement was mainly attributable to proportionately higher increase in the tangible net worth base compared to total debt as on balance sheet date. The total debt primarily comprises working capital borrowings. The debt coverage indicators also improved but remain moderate marked by total debt to profit before interest, lease rentals, depreciation, and taxation (PBILDT) at 4.33x in FY25 against 5.02x in FY24 owing to improvement in absolute PBILDT. Interest coverage also improved despite remained relatively weak at 1.40x in FY25 (compared to 1.29x in FY24).

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Thin profitability margins**

The profitability margins of the company continued to remain modest mainly due to the trading nature of operations and limited pricing power as the same is fixed by principal i.e. Mahindra. The operating profitability exhibited a stable trend with a PBILDT margin within the range of 2-3% in the past three years ended FY25. It stood modest at 3.19% during FY25 (compared to 3.17% in FY24) with marginal improvement in the same owing to reduction in the operational & selling expenses incurred by the company. The PAT margin has slightly improved to 0.81% in FY25 compared to 0.64% in FY24. Nevertheless, the profit margins are expected to remain thin due to auto dealership nature of its operations with intense competition across the targeted market.

**Fortunes linked to performance of Principal**

SAMPL's performance depends on the performance of its principal i.e. Mahindra. The performance of Mahindra for its domestic PV and UV market has seen highly competitive intensity in recent times, with the foray of multiple players and the expanding product portfolio of existing players. However, the passenger vehicle (PV) market share of Mahindra has further increased to 13.20% in FY25 compared to 12.03% in FY24 on the back of the success of its new car launches. Nevertheless, its ability of the SAMPL to increase its scale of operations in the targeted market remain key monitorable.

**Presence in cyclical and intensely competitive automotive industry:**

The automobile industry is highly cyclical, with sales primarily determined by the country's economic state, directly linked to consumer spending power. Economic downturns lead to lower sales, while booms increase them. The industry is sensitive to macroeconomic factors like interest rates and inflation, which affect vehicle purchasing costs and disposable income. Regulatory changes, such as BS-VI Phase-II emission norms and vehicle scrappage policies, directly impact sales volumes. Fuel prices, influenced by global uncertainties and geopolitical tensions, affect vehicle running costs and disposable income, thereby influencing consumer purchasing decisions.

**Key strengths****Experienced promoters and established track record in automobile dealership business:**

SAMPL is part of the Jakhete group which operates dealership business for various brands including Mahindra, Kia, Renault, Hyundai, Honda and Honda Motorcycle & Scooter India (HMSI). The promoters' extensive industry experience has helped them establish strong marketing connections across regions in Maharashtra. The day-to-day operations of the company are looked after by Aditya Jakhete who has more than a decade of experience in the same industry. He is ably supported by Preeti Jakhete who looks after the finance function in the company. She has around 15-20 years of experience in the industry. The directors are supported by a well-qualified and experienced second line of management.

**Moderate although continuously increasing scale of operations**

SAMPL's scale of operations marked by Total Operating Income (TOI) grew at a compounded annual growth rate (CAGR) of 33.15% in last 5 years ended FY25. In FY25, TOI increased by 15% to Rs.548.42 crore in FY25 compared to FY24 on account of improved demand from customers and improvement in average sales realisation led by increased demand in the passenger vehicle segment and new car launches by Mahindra. The company has eight showrooms and three workshops across Thane and Raigad districts. Going forward, scale of operations is expected to increase owing to increasing demand for Mahindra vehicles, GST rate benefits and subsequent addition of the showrooms.

**Liquidity: Stretched**

The liquidity position of SAMPL remained stretched marked by higher utilization of its fund based working capital limits of ₹61 crore at over 90% for last twelve months and increased but low unencumbered cash and bank balances of ₹2.71 crore as on March 31, 2025 (compared to ₹1.81 crore as on March 31, 2024). The gross cash accruals are expected to remain sufficient to meet its debt repayment obligations of ₹2 crore in FY26. The company has also availed channel financing limit of ₹15 crore to fund the additional inventory, electronic vehicles and automotive division. The working capital cycle stood relatively stable at 47 days during FY25 (FY24: 45 days). The current ratio and quick ratio stood weak at 1.34x and 0.25x respectively as on March 31, 2025 (compared to 1.14x and 0.27x as on March 31, 2024). The cash flow from operating activities turned positive to ₹2.64 crore in FY25 (compared to negative of ₹7.96 crore in FY24).

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

SAMPL was established in 2017 as an authorized dealer of Mahindra for trading of passenger as well as commercial vehicles and its spare parts. It also provides other ancillary services to the customer including servicing, insurance, etc. SAMPL has total 8 showrooms, 3 service centres and 1 stockyard located in the districts of Thane and Raigad.

Particular	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	476.56	548.42	368.70
PBILDT	15.11	17.52	10.82
PAT	3.05	4.47	3.05
Overall gearing (times)	7.92	5.48	NA
Interest coverage (times)	1.29	1.40	1.69

A: Audited UA: Unaudited NA: Not available; Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	64.00	CARE BB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	18.00	CARE BB; Stable / CARE A4

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Electronic Dealer Financing Scheme	LT	-	-	-	1)Withdrawn (23-Sep-24)	1)CARE C; Stable; ISSUER NOT COOPERATING* (16-Oct-23)	1)CARE C; Stable; ISSUER NOT COOPERATING* (29-Sep-22)
2	Fund-based - LT-Cash Credit	LT	64.00	CARE BB; Stable	-	1)CARE BB-; Stable (23-Sep-24)	-	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	18.00	CARE BB; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (23-Sep-24)	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

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