



**Press Release**  
**RELIABLE AUTOMOTIVE PRIVATE LIMITED**  
**May 26, 2025**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BBB-   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuité has upgraded its long-term rating to ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) from ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) on the Rs.100.00 crore bank facilities of Reliable Automotive Private Limited (RAPL). The outlook is ‘**Stable**’.

**Rationale for Upgrade**

The rating upgrade and migration from ‘Issuer non-cooperating’ considers improvement in the overall operating performance in FY2025E as compared to deterioration observed in the previous year. The rating takes into account the new dealership acquired by the company for Maruti Suzuki Nexa, which will help augment its revenue in the near term. The rating also factors in the experienced management along with the moderate financial risk profile and the adequate liquidity position of the company. However, the rating is constrained by stiff competition from other dealers of Tata Motors Limited and other brands.

**About the Company**

Incorporated in the year 1997, Reliable Automotive Private Limited (RAPL) is a Mumbai based company. RAPL is an authorised dealer of commercial vehicles of Tata Motors Ltd. (TML) and Maruti Suzuki India Limited. The directors of the company are Mr. Bhagatsingh Ailsinghani and Mr. Tejpal Ailsinghani.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of RAPL to arrive at this rating.

**Key Rating Drivers**

**Strengths**

**Experienced management, long association with Tata Motors Limited and long track record of operations**

Incorporated in 1997, RAPL is currently managed by Mr. Bhagatsingh Ailsinghani and Mr. Tejpal Ailsinghani. All the promoters are involved in day-to-day operations of the business. The promoters have more than two decades of experience in the industry. The management is supported by a well-qualified and experienced team of professionals. RAPL has been an authorised dealer for the commercial vehicle segment of Tata Motors Ltd. (TML) for more than two decades. The company has also started the dealership of Maruti Suzuki Arena from FY2023 and recently started the dealership of Maruti Suzuki Nexa from October 2024.

Acuité expects that RAPL will continue to benefit from experienced management and the dealership with Tata Motors Limited and Maruti Suzuki.

**Growth in operating revenue amid subdued profitability**

The revenue of the company has improved to Rs.1237.13 Cr. in FY2024 against Rs.1183.75 Cr. in FY2023. The FY2025(E) revenue stood at Rs.1421.84 Cr. However, the operating profit margin of the company deteriorated to 0.33% in FY2024 against 1.09% in FY2023. The PAT margin of the company stood at -0.34% in FY2024 against

0.73% in FY2023. The improvement in the revenue and the decline in operating profit margin is attributed to a 33% decrease in the sales volume of small commercial vehicles and a 10% increase in the sales volume of heavy commercial vehicles.

Going ahead, the ability of the company to sustain growth in operating revenue while improving its profitability will remain a key monitorable.

### **Moderate Financial risk profile**

The company has a moderate financial risk profile marked by moderate net worth, gearing and below unity debt protection metrics. The net worth of the company stood at Rs.65.29 Cr. as on March 31, 2024, against Rs.66.82 Cr. as on March 31, 2023. The marginal decline in net worth is on account of attribution of losses during FY2024 and equity infusion of Rs.3.00 Cr. during the year. The gearing level stood at 2.37 times as on 31 March 2024 as against 2.55 times as on 31 March 2023. The total debt of the company stood at Rs.154.75 Cr. as on March 31, 2024, comprises of short term Debt of Rs.152.62 Cr, and Rs.2.13 Cr. of USL which is interest bearable @9%. ICR and DSCR declined in FY2024 on account of significant decline in the operating profitability and stood at 0.97 times and 0.99 times in FY2024 respectively. TOL/TNW stood at 2.71 times in FY2024 against 3.05 times in FY2023.

Acuité believes that the financial risk profile of the company will continue to remain moderate in medium term.

### **Weaknesses**

#### **Moderately intensive nature of working capital operations**

The working capital operations of the company are moderate in nature marked by GCA days of 59 days in FY2024 against 72 days in FY2023. The inventory days stood 29 days in FY2024 compared to 38 days in FY2023. The debtor days stood at 22 days in FY2024 against 26 days in FY2023. Creditor days stood at 1 day in FY2024 against 4 days in FY2023. The bank limit utilization is moderate and stood at 72.51% for the last 06 months ending March 2025.

Acuite believes that the working capital operations will remain in similar range over the medium term due to the nature of its operations.

#### **Stiff competition from other dealers of Tata Motors Limited and other brands**

The company faces stiff competition from other dealers of Tata Motors Ltd. as there is an absence of absolute product differentiation. The company also faces competition from other automobile companies such as Mahindra & Mahindra Ltd., Ashok Leyland Ltd., Volvo Eicher Commercial Vehicles Ltd. to name a few operating in Mumbai.

### **Rating Sensitivities**

- Significant and sustainable improvement in operating income while improving the profitability margins.
- Any deterioration in the financial risk profile.
- Sustenance of improvement in working capital cycle.

### **Liquidity Position**

#### **Adequate**

During FY2024, the company generated negative cash accruals of Rs. -0.12 Cr. against nil repayment obligation during the same period. Further, the company maintained unencumbered cash and bank balance of Rs. 11.11 Cr. as on March 31, 2024 and the reliance on the working capital limits stood moderate at ~72.51% during the last 06 months ending March 2025. The current ratio stood at 1.16 times as on March 31, 2024.

Going ahead, the liquidity position of the company is likely to improve on account of expected positive generation of cash accruals in near term.

### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1237.13	1183.75
PAT	Rs. Cr.	(4.15)	8.64
PAT Margin	(%)	(0.34)	0.73
Total Debt/Tangible Net Worth	Times	2.37	2.55
PBDIT/Interest	Times	0.97	3.34

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

Not Applicable

**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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Feb 2025	Channel/Dealer/Vendor Financing	Long Term	20.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Cash Credit	Long Term	4.05	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Channel/Dealer/Vendor Financing	Long Term	0.95	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Channel/Dealer/Vendor Financing	Long Term	15.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Channel/Dealer/Vendor Financing	Long Term	19.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Channel/Dealer/Vendor Financing	Long Term	20.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
20 Nov 2023	Channel/Dealer/Vendor Financing	Long Term	20.00	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
	Cash Credit	Long Term	4.05	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
	Channel/Dealer/Vendor Financing	Long Term	0.95	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
	Channel/Dealer/Vendor Financing	Long Term	15.00	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
	Channel/Dealer/Vendor Financing	Long Term	19.50	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
	Channel/Dealer/Vendor Financing	Long Term	20.50	ACUITE BBB-   Stable (Reaffirmed (Positive to Stable))
24 Aug 2022	Channel/Dealer/Vendor Financing	Long Term	20.00	ACUITE BBB-   Positive (Reaffirmed)
	Cash Credit	Long Term	4.05	ACUITE BBB-   Positive (Reaffirmed)
	Channel/Dealer/Vendor Financing	Long Term	0.95	ACUITE BBB-   Positive (Reaffirmed)
	Channel/Dealer/Vendor Financing	Long Term	15.00	ACUITE BBB-   Positive (Reaffirmed)
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BBB-   Positive (Assigned)
	Channel/Dealer/Vendor Financing	Long Term	10.00	ACUITE BBB-   Positive (Assigned)
	Channel/Dealer/Vendor Financing	Long Term	19.50	ACUITE BBB-   Positive (Reaffirmed)
	Channel/Dealer/Vendor Financing	Long Term	17.00	ACUITE BBB-   Positive (Reaffirmed)
	Channel/Dealer/Vendor Financing	Long Term	3.50	ACUITE BBB-   Positive (Assigned)

**Annexure - Details of instruments rated**

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.05	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )
Cholamandalam Investment Finance Company Ltd.	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.95	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )
Bank of Baroda	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )
ICICI Bank Ltd	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )
Standard Chartered Bank	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )
State Bank of India	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.50	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )
Tata Motors Finance Limited	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.50	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUTE BBB-   Stable   Upgraded ( from ACUTE BB+ )

## Contacts

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### About Acuité Ratings & Research

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