Press Release
TEJPAL MOTORS PRIVATE LIMITED
May 26, 2025
Rating Reaffirmed

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Total Withdrawn Quantum (Rs.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

Rating Rationale
Acuité has reaffirmed the long-term rating of **'ACUITE BBB-' (read as ACUITE Triple B Minus**o)n the Rs.10.00 crore bank facilities of Tejpal Motors Private Limited (TMPL). The outlook is revised to**'Negative'** from **'Stable'.**

Rationale for reaffirmation and revision in outlook
The rating reaffirmation and outlook revision considers improved scale of operations albeit incessant decline in profitability position in past years due to opening of new showrooms and service centres which resulted into suboptimal absorption of fixed cost and increase in leverage position of the company. The rating also factors in experienced management along with established track record comfortable working and adequate liquidity position. However, these strengths are underpinned by average financial risk profile and stiff competition from other auto dealers and susceptible to cyclicality in the auto sector.

About the Company
Tejpal Motors Private Limited (TMPL) incorporated in 1995 which is managed by Mr. Kamal Singh Ailsinghani and his nephew Mr. Tejpal Ailsinghani. The company is an authorized dealer for Tata motors Ltd. (TML) for their entire range of commercial vehicles. The company has dealership for the entire Navsari and Vapi districts of Gujarat and for Silvassa (UT Dadra and Nagar Haveli). It has 7 outlets across the districts. In 2014-15, the company has entered dealership of passenger vehicles for Honda Motors Co. Ltd (HMCL) with two showrooms in Thane, Kalyan in the name of Regent Honda. In 2019-20, it has also entered dealership of passenger vehicles for MG Motors with three showrooms in Chembur, Navi Mumbai and Thane. Further company entered dealership of passenger vehicles for Skoda in 2022-23 with three showrooms in Kandivali and Kalyan.

Unsupported Rating
Not Applicable

Analytical Approach
Acuité has considered the standalone business and financial risk profile of the company to arrive at the rating.

Key Rating Drivers

Strengths
Experience management and established track record
TMPL has an established operational track record of more than two decades in the sale of commercial and passenger vehicles, spare parts, and service centres. The company has a presence in various districts of Gujarat for Tata Motors Ltd.'s commercial vehicle segment and has expanded its operations in Mumbai for Honda Motors Co. Ltd., MG Motors, and Skoda in the passenger vehicle segment. The company also benefits from the extensive experience of its promoters, Mr. Kamal Singh Ailsinghani and Mr. Tejpal Ailsinghani, who collectively possess

more than two decades of experience in the automobile and auto parts industry.

Improvement in scale of operations albeit decline in profitability margins
TMPL witnessed improvement in scale of operations marked by increase in revenue that stood at Rs. 1011.69 Cr.

in FY25 (Prov.) and Rs. 964.79 Cr. in FY24 as compared to Rs. 809.02 Cr. in FY23, which is a growth of ~19 percent in FY24 and ~5 percent in FY23. Majority of the Operating income is from sale of MG motors (~39 per cent) and Tata Motors vehicles (~30 per cent) in FY25(prov.). EBITDA of the company stood same at Rs. 17.20 cr. in FY25(prov.) and FY24. Also, the EBITDA Margin of the company slightly moderated and stood at 1.70 percent in FY25(Prov.) against 1.78 percent in FY24. Slight decline in margin is due to increase in employee cost and rental cost on the back of new showrooms. Net profit margin of the company declined and stood at 0.07 percent in FY25(Prov.) as against 0.27 percent in FY24 due to increase in finance cost towards setup of a new Skoda showroom in Kandivali. Acuité believes that the ability of TMPL to improve its scale of operations and profitability margins will remain a key rating sensitivity factor.

Comfortable Working capital operations

The company has comfortable working capital operations as evident from gross current assets (GCA) of 68 days in FY25(prov.) as compared to 63 days in FY24. Debtor days stood at 20 days in FY25 (Prov.) and 19 days in FY24. Inventory days increased and stood at 47 days in FY25 (prov.) compared to 38 days in FY24. Working capital limits are utilized at ~73 per cent during the last twelve months ended March 2025. Acuité believes that the working capital operations of the company will remain comfortable over the medium term.

Weaknesses

Average Financial Risk Profile

TMPL's financial risk profile remained average marked by moderate net worth, increased gearing and average debt protection metrics. The Net worth of the company stood at Rs. 37.78 Cr. as on 31st March 2025(prov.) as against Rs.36.81 Cr. as on 31st March 2024 due to accretion of profit to reserves. The total debt of the company increased and stood at Rs. 144.11 Cr. as on 31st March 2025(prov.) as against Rs.123.09 Cr. as on 31st March 2024. Total debt in FY25(Prov.) consists of unsecured loans amount of Rs.14.17 Cr., which is interest-bearing and short-term debt of Rs.129.94 Cr. The gearing ratio increased from 3.81 times as on 31st March 2025(prov.) from 3.34 times as on 31st March 2024. The interest coverage ratio stood at 1.36 times as on 31st March 2025(prov.) as against 1.66 times 31st March 2024. likewise, DSCR of the company went down yet stood at 1.34 times in as on 31st March 2025(prov.) as against 1.58 times 31st March 2024. Acuite believes that, notwithstanding the benefits accrued from the showroom expansion, the company's financial risk profile is expected to remain average over the near to medium term.

Stiff competition from other auto dealers and susceptible to cyclicality in the auto sector

The company faces stiff competition from other auto dealers of Tata Motors Ltd., Honda Motors Co. Ltd., MG Motors, and Skoda, as it focuses on expanding its dealership network, leading to increased competition. Furthermore, industry competition from other major automobile players in the commercial and passenger vehicle segments, along with the launch of new models at competitive prices, results in the erosion of market share, which in turn also affects its dealers. The company's operations are also vulnerable to the inherent cyclical nature of the automobile industry.

Rating Sensitivities

Consistent improvement in operating performance and profitability margins
Deterioration in working capital cycle
Any changes in financial risk profile

Liquidity Position

Adequate

The company has an adequate liquidity marked by adequate net cash accruals against no repayment debt obligations. The Company generated cash accruals of Rs. 4.27 Cr. in FY25(prov.) against no debt repayment obligations as the company only has only short-term debt and USLs. Current Ratio stood at 1.08 times as on 31 March 2025(prov.) as against 1.17 times in the previous year. Working capital limits are utilized at ~73 per cent during the last twelve months ended March 2025. Cash and Bank Balances of company stood at Rs 1.93 Cr. 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.	1011.69	964.79
PAT	Rs. Cr.	0.68	2.59
PAT Margin	(%)	0.07	0.27
Total Debt/Tangible Net Worth	Times	3.81	3.34
PBDIT/Interest	Times	1.36	1.66

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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Mar 2024	Inventory Funding	Long Term	10.00	ACUITE BBB- | Stable (Reaffirmed)
09 Dec 2022	Inventory Funding	Long Term	10.00	ACUITE BBB- | Stable (Upgraded from ACUITE BB+ | Stable)

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.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- | Negative | Reaffirmed | Stable to Negative

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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