

## Aditya Motor Private Limited

March 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	43.91	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	36.09	CARE A4; ISSUER NOT COOPERATING*	Reaffirmed and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Ratings Ltd. has revised the ratings assigned to the bank facilities of Aditya Motor Private Limited to CARE B+; Stable; Issuer Not Cooperating and CARE A4; Issuer Not Cooperating. CARE Ratings Ltd. has been seeking information from AMPL to monitor the ratings vide e-mail communications/letters dated March 05, 2025, February 11, 2025, and February 06, 2025 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating)**

The revision in ratings, factors in non-cooperation by AMPL and CARE's efforts to undertake a review of the outstanding ratings. CARE considers the non-availability of the information as a key factor in its assessment of credit risk. The ratings assigned to the bank facilities of Aditya Motor Private Limited (AMPL) is constrained by its weak financial risk profile as reflected by high gearing and low interest coverage, Limited bargaining power with principal automobile manufacturer coupled with intense competition in the industry. The rating is, however, derives strength from experience of promoters in similar line of business..

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

(At the time of last rating on February 02, 2024, the following were the rating strengths and weaknesses)

#### Key weaknesses

##### Weak financial risk profile as reflected by high gearing and low interest coverage.

The capital structure of the firm remains weak as reflected by the long-term debt to equity ratio and overall gearing ratio of 2.02x and 7.75x, respectively, as of March 31, 2023, as against long-term debt to equity ratio and overall gearing ratio of 3.44x and 6.59x, respectively, as at March 31, 2022. The high gearing is due to almost full utilisation of working capital limits coupled with lower net worth of Rs. 8.59 crores. Since company has officially started its operations from second half of FY21 (Audited, refers to the period April 01 to March 31) and revenue has picked up in FY23 (Audited, refers to the period April 01 to March 31) only which leads to accumulation of profits of just Rs. 0.59 crores from the date of incorporation of company.

Further, due to full utilisation of working capital limits, interest cost of the company remains higher leading to weak interest coverage ratio of 0.96 times as at March 31, 2023, as against 0.16 times as at March 31, 2022.

##### Limited bargaining power with principal automobile manufacturer Tata Motors Limited (TML)

Being primarily into auto dealership business, AMPL's business model is largely in the nature of trading wherein profitability margins are inherently thin. Moreover, in this business a dealer has very less bargaining power over principal manufacturer. The margin of vehicles is set at a particular level by the principal manufacturer thereby restricting any incremental income for AMPL.

##### Intense competition in the industry

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

Indian commercial automobile industry is highly competitive in nature as there are large numbers of players operating in the market Ashok Leyland, Eicher Motors, Daimler India Commercial Vehicles, etc. The performance of AMPL is linked to the growth of TML and how it faces competition from the other auto manufacturers. Apart from competition from the dealerships of other brand vehicles, AMPL also faces direct competition from the other TML dealerships in the regions where it has presence.

## Key strengths

### Experienced Management

Aditya Motor P Ltd (AMPL) is promoted by two brothers Mr Raju Kumar Jaiswal & Harendra Prasad Jaiswal. Both the promoters have experience in construction business through Rajshree Nirman Private Limited (RNPL) and also has experience of Auto Dealership through Bhim Motors Private Limited wherein they have authorised dealership of Renault. Thus, owing to previous experience of promoters, AMPL has been able to grow substantially in short span of time. Further, its completely family-owned business as all the shareholders and Directors comes from same family. Furthermore, promoters are also planning to diversify this operation and has incorporated Aditya Auto Application P Ltd (AAAPL) for manufacturing body fittings of trucks which is currently outsourced by AMPL.

### Growing scale of operations albeit low profitability margin.

Scale of operation of the company is improving as marked by revenue from operations of Rs. 324.06 crores during FY23 (Audited; refers to the period of April 01 to March 31) which has been improved from Rs. 114.32 crores during FY22 (Audited; refers to the period of April 01 to March 31). Further, company has booked revenue from operations of Rs. 326.06 crores in 7MFY24 (Provisional; refers to the period of April 01 to October 31) which shows its growing trend.

The profitability margins of the entity remain low as reflected by PBILDT margin and PAT margin of 1.46% (PY: 0.28%) and 0.21% (PY: 0.29%) respectively during FY23. Thus, firm has booked gross cash accruals of just Rs. 1.35 crores during FY23 as compared to Rs. 1.13 crores during FY22. Although, the profitability margin of the company is improving as they have booked PBILDT margin and PAT margin of 1.92% and 0.21% respectively during 7MFY24 (Provisional, refers to the period April 01 to October 31). Moreover, going forward company's probability is likely to improve further owing to growing scale of operations and since promoters are also planning to diversify this operation and has incorporated Aditya Auto Application P Ltd (AAAPL) for manufacturing body fittings of trucks which is currently outsourced by AMPL. Currently company is bearing higher freight charges as they outsource the body manufacturing segment in Jamshedpur or Pune from body manufacturers nearby TML plant. This arrangement led to higher freight cost as AMPL has to bear freight from body manufacturers to the location of buyers, thus, going forward with stabilisation of plant in AAAPL will reduce freight charges thereby leading to improvement in profitability margins.

### Liquidity: Stretched

The liquidity position of the company remained stretched as reflected by almost full utilisation of working capital limits in last 12 months. Moreover, company has earned gross cash accruals (GCA) of Rs. 1.35 crores only in FY23, although they are projecting higher GCA in projected years against annual scheduled debt obligation of around Rs 2.5 crores annually. Further, current and quick ratios also remain below unity at 0.99x and 0.51x respectively as on March 31, 2023, as compared to 0.97x and 0.57x, respectively, as on March 31, 2022.

### Applicable criteria

[Policy on Default Recognition](#)  
[Liquidity Analysis of Non-financial sector entities](#)  
[Information Adequacy Risk and Issuer Non-Cooperation](#)  
[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)  
[Financial Ratios – Non financial Sector](#)  
[Rating of Short Term Instruments](#)  
[Commercial Vehicle Industry](#)  
[Auto Dealer](#)

### About the firm and industry

#### Industry classification

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

Aditya Motor Private Limited (AMPL) was incorporated on March 30, 2019, and promoted by two brothers Raju Kumar Jaiswal & Harendra Prasad Jaiswal. Company is an authorised distributor of Tata Motors Limited for commercial vehicle segments (Trucks) in Gorakhpur and Deoria districts of UP. Although, company was incorporated in March 2019, but due to COVID related restrictions company has officially started its operations from second half of FY21.

Promoters are also involved in construction business through group company Rajshree Nirman Private Limited (RNPL) which has helped AMPL to get regular orders of CV which led to substantial rise in revenue in short span of time, besides promoters also operates a dealership of "Renault" through its group company Bhim Motors Private Limited (BMPL) and a two-wheeler distributorship of TVS in Raj Motorwheels Private Limited (RMPL).

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	January 24, 2024 (UA)
Total operating income	114.32	324.06	401.00
PBILDT	0.32	4.74	NA
PAT	0.33	0.69	NA
Overall gearing (times)	6.59	7.75	NA
Interest coverage (times)	0.16	0.96	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**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		-	-	-	34.75	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	30-06-2028	9.16	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Vendor financing		-	-	-	36.09	CARE A4; ISSUER NOT COOPERATING*

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

**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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	9.16	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (02-Feb-24)	-	-
2	Fund-based - ST-Vendor financing	ST	36.09	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (02-Feb-24)	-	-
3	Fund-based - LT-Cash Credit	LT	34.75	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (02-Feb-24)	-	-

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

LT: Long term; ST: 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	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Vendor financing	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CARE 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.

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### About us:

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### Disclaimer:

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