

Jasper Industries Private Limited (Revised)

April 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	100.35	CARE BBB-; Stable	Assigned
Long-term bank facilities	319.65 (Enhanced from 100.00)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Jasper Industries Private Limited (JIPL) are driven by experienced promoters, longstanding association with Tata Group as an authorised dealer for commercial vehicles (CV) and passenger vehicles (PV), growing scale of operations and diversified revenue mix.

The rating strengths are partially offset by leveraged capital structure with higher reliance on bank borrowings for working capital purpose, thin profitability margins, inherent competition from other original equipment manufacturer (OEM) dealers, dependence on the performance of principal in CV and PV segment and cyclical nature of the automotive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total operating income (TOI) over ₹2500 crore and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of over 3.50%.
- Improvement in overall gearing below 2x.

Negative factors

- Significant decline in TOI by over 30%.
- Sustenance of total debt/PBILDT above 7x.
- Substantial financial support to group companies impacting the liquidity position.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) expects the entity will continue to benefit from its longstanding association with Tata Group as an authorised dealer from CV and PV.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and long-standing presence in the industry

JIPL was founded in 1955 by the late Badiga Seshagiri Rao. The company is currently managed by Badiga Ramakrishna, son of the founder, who served as a Member of Parliament from Machilipatnam Lok Sabha Constituency from 2004 to 2009. The third-generation leadership includes Sumanth Badiga, JIPL's managing director, who is MBA from the University of Rochester, USA. He has been associated with the Tata Group for 18 years, including serving as the CFO of Tata AIG. He is also the chairman of Adithya Automotive Applications Limited.

Longstanding association with Tata Group

JIPL has a longstanding association with the Tata Group, serving as an authorised dealer for Tata Motors since 1955. Adithya Automotive Applications Limited (AAAL), a Jasper Group company, was established as a backward integration unit which caters Tata Motors Limited's Lucknow unit's requirement for tippers. The company currently has over 70 touchpoints across Telangana and Andhra Pradesh.

Growing scale of operations

Revenue from operations has grown at a compound annual growth rate (CAGR) of 43% over the last three years, driven by growth in CV and PV. The high CAGR is partially attributable to a low base effect, as the revenue for FY21 was impacted by COVID-19 disruptions. However, there has been an improvement in the revenue mix with increase in revenue contribution of passenger vehicles over the last four years. In FY24, revenue grew by 25%, primarily driven by the doubling of revenue in the

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

PV segment. In 10M-FY25, the company has recognised revenue of ₹1,961.37 crore, which is 80% of the projected revenue for FY25.

Diversified revenue mix

The company's revenue mix has improved over the last three years with the contribution from passenger vehicles increasing from 19% in FY22 to 42% in 10M-FY25, reducing its dependence on commercial vehicles, which remained the major revenue source in the past. The company also derives revenue from service and spares segment.

Key weaknesses

Leveraged capital structure

The company's capital structure remained leveraged marked by overall gearing of 3.53x as on March 31, 2024 (PYE: 2.75x), primarily due to an increase in working capital borrowings driven by the growth in scale of operations. However, overall gearing improved to 2.57x as on December 31, 2024, following a significant reduction in outstanding working capital borrowings. Adjusting for investments in group companies, the overall gearing stood higher at 4.71x as on March 31, 2024 (PYE: 3.91x).

Thin profitability margins

The cost of vehicles procured constitutes ~87% revenue for FY24. The company has limited bargaining power with Tata Motors, resulting in reduced gross margins, which leads to lower operating margins although improved from FY23, as reflected in the PBILDT margin of 2.67% for FY24 (PY:2.09%). Non-operating income includes rental income, interest income and fair value gain on mark to market of the financial assets routed through profit and loss.

Inherent competition from other OEM dealers

The automobile dealership industry has low entry barriers in investment and technology, resulting in a highly competitive market structure. The minimal set-up costs and ease of entry lead to the frequent emergence of new dealers, intensifying competition from new entrants and existing dealers of other OEMs. To counter competition, dealers often offer additional discounts, creating margin pressure and impacting the company's earnings capacity. The launch of new product variants at competitive prices by other OEMs poses a significant threat, as shifting customer preferences can lead to a decline in sales.

Cyclical automotive industry

The automobile industry is highly cyclical with sales directly linked to the country's economic conditions and consumers' spending power. In economic downturns, sales typically decline, while economic booms drive growth in the sector. The industry is sensitive to macroeconomic factors such as interest rates and inflation, as higher rates increase vehicle purchase costs, affecting consumers' disposable income and purchasing decisions. The sector is vulnerable to regulatory changes (for example, BS-VI Phase-II emission norms, vehicle scrappage policy) that directly impact sales volumes. Fuel prices, influenced by global uncertainties and geopolitical tensions, also affect vehicle running costs and consumer purchasing sentiment.

Working capital intensive operations

Automobile dealerships require significant working capital due to the need for maintaining a high inventory of vehicles and spare parts. Dealers must stock an optimal level of inventory to meet customer demand and mitigate risks arising from supply chain disruptions. The capital is often tied up in inventory, making efficient inventory management crucial for sustaining liquidity and operational stability. The company maintains an inventory of 30 days and extends a credit period for commercial vehicles and government orders from entities such as Greater Hyderabad Municipal Corporation (GHMC), Defence, and major corporates such as Deloitte. Delivery order settlements typically take five to six days, leading to receivables for that period. Operating cycle deteriorated to 53 days for FY24 (PY: 46 days) primarily due to increase in closing inventory at the year end.

Liquidity: Adequate

Cash flows generated by the company marked by gross cash accruals (GCA) stood at ₹20.65 crore for FY24. Reliance on bank borrowings for working capital purposes remains moderate, with an average utilisation of 70% for cash credit and 82% for channel finance for the 11 months ending December 2024. Debt repayment obligation for FY25 stands at ₹19.20 crore. Liquidity is supported by free cash and cash equivalents of ₹28.15 crore as on March 31, 2024, and unutilised working capital limits, providing cushion for liquidity requirements.

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](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Automobiles	Auto dealer

J IPL, the flagship company of the Jasper Group, has been an authorised dealer of Tata Motors for commercial and passenger vehicles since 1955. The company operates workshops and garages for vehicle repairs, servicing, ancillary services, and accessory sales. Founded in Vijaywada by Late Badiga Seshagiri Rao, the group operates across Telangana and parts of Andhra Pradesh, including Hyderabad, Visakhapatnam, Krishna, West Godavari, Guntur districts. The Jasper Group has also diversified in automotive applications, material handling, power generation, and food processing through different entities, while maintaining an exclusive dealership with Tata Motors for nearly seven decades. J IPL has currently over 70 touch points.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	10M-FY25 (UA)
Total operating income	1,572.02	1,969.11	1961.37
PBILDT	32.92	52.57	60.41
PAT	7.93	5.60	NA
Overall gearing (times)	2.75	3.53	NA
Interest coverage (times)	1.15	1.20	2.03

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		-	-	-	25.00	CARE BBB-; Stable
Fund-based - LT-Electronic Dealer Financing Scheme		-	-	-	294.65	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	30/06/2034	100.35	CARE BBB-; Stable

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	294.65	CARE BBB-; Stable	-	1)CARE BBB-; Stable (31-Mar-25)	-	-
2	Fund-based - LT-Cash Credit	LT	25.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (31-Mar-25)	-	-
3	Fund-based - LT-Term Loan	LT	100.35	CARE BBB-; Stable				

LT: Long 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-Electronic Dealer Financing Scheme	Simple
3	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view 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.

Contact us

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About us:

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