

Sab Motors Private Limited

June 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	139.00	CARE D; ISSUER NOT COOPERATING*	Rating 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 been seeking information from Sab Motors Private Limited to monitor the rating(s) vide e-mail communications/letters dated May 16, 2025 and May 20, 2025 among others and numerous phone calls. However, despite our repeated requests, Sab Motors Private Limited 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. The rating on Sab Motors Private Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

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

The long-term rating has been reaffirmed owing to instances of delays in servicing of debt obligations by the company.

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of key rating drivers:

At the time of last rating on May 13, 2024, following were the rating strengths and weaknesses (updated based on limited information available from the company).

Key weaknesses

Instances of delays in servicing of debt obligations

As per bank statements, SMPL has reported instances of delays in the repayment of tranches due in inventory funding account from September 2023 onwards. The delays were largely on account of poor liquidity position of the company.

Low profitability margins

The profitability margins of the company improved though remain low as marked by the PBILDT and PAT margins of 3.42% and 0.50% respectively in FY24 (Audited) as against to 2.08% and 0.47% respectively in FY23 (Audited). The improvement in margins is on account of lower discounts offered by the company to its customers and its focus on sale of spare parts which fetch better margins. Further, the company achieved a total operating income of Rs. 602.82 crore in FY24 (Audited) vis-à-vis Rs. 599.00 crore in FY23 (Audited).

Leveraged capital structure and weak debt coverage indicators

As on March 31, 2024 (Audited), the debt profile of the company comprises of term loan of 44.91 crore, lease liability of 5.71 crore and working capital borrowings of Rs. 102.70 crore as against tangible net worth of Rs. 27.01 crore. The capital structure of the company remained leveraged as marked by overall gearing ratio of 6.46x on March 31, 2024 (Audited) as against 6.21x on March 31, 2023 (Audited). Due to low profitability margins and high debt levels, the debt coverage indicators of the company remained weak as marked by interest coverage ratio and total debt to gross cash accruals of 1.36x and 32.89x in FY24 (Audited) as against 1.45x and 25.42x in FY23 (Audited).

Intense competition, regional concentration and linkage to fortunes of Tata Motors Limited

The company procures its products directly from its Original Equipment Manufacturer (OEM), i.e., Tata Motors Limited. Thus, the fortunes of the company are directly linked to its OEM which exposes the company's revenue growth and profitability to its OEM's future growth prospects. Any impact on business and financial profile of the OEM will also have an impact on the growth prospects of the company. Further, the operations of the company are geographically concentrated in the regions of Delhi NCR and Uttar Pradesh. Moreover, it faces an aggressive competition from various other established auto dealers of OEMs like Maruti Suzuki, Hyundai, Honda, Kia Corporation, etc. In order to capture market share, auto dealers have to offer better buying terms such as

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

providing credit period or allowing discounts on purchases which create pressure on the margins.

Key strengths

Experienced promoters and management team

SMPL is managed by Mr. Rama Kant Sharma (Director), who is a postgraduate by qualification and has an experience of around two decades in the auto-dealership and auto service business through his association with this company and other family businesses. Further, the company has a dedicated team of marketing and sales professionals, service in-charge and customer relation officers, who have over one decade of experience in their respective fields, which strengthens the company's business risk profile.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Service Sector companies](#)

[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

Incorporated in the year 2014, SMPL is a Ghaziabad, Uttar Pradesh based company. It is an authorized dealer of Tata Motors Limited and deals exclusively in the sale of Tata's passenger cars and spare parts. The company is authorized to sell all models of Tata Motors Limited. Currently, SMPL is running 7 showrooms and 4 workshops in regions of Delhi NCR and Uttar Pradesh.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	599.00	602.82
PBILDT	12.44	20.64
PAT	2.84	3.04
Overall gearing (times)	6.21	6.46
Interest coverage (times)	1.45	1.36

A: Audited UA: Unaudited; 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: Please refer Annexure-2

Detailed explanation of covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in 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-Electronic Dealer Financing Scheme		-	-	-	81.50	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Electronic Dealer Financing Scheme		-	-	-	41.50	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Proposed fund based limits		-	-	-	0.50	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31/07/2030	15.50	CARE D; 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 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	81.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (13-May-24)	1)CARE BB; Stable (02-Aug-23) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (03-Apr-23)	-
2	Fund-based - LT-Electronic Dealer Financing Scheme	LT	41.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (13-May-24)	1)CARE BB; Stable (02-Aug-23) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (03-Apr-23)	-
3	Fund-based - LT-Term Loan	LT	15.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (13-May-24)	1)CARE BB; Stable (02-Aug-23) 2)CARE BB-; Stable; ISSUER NOT	-

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
							COOPERATING* (03-Apr-23)	
4	Fund-based - LT-Proposed fund based limits	LT	0.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (13-May-24)	1)CARE BB; Stable (02-Aug-23)	-

*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-Electronic Dealer Financing Scheme	Simple
2	Fund-based - LT-Proposed fund based limits	Simple
3	Fund-based - LT-Term Loan	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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