

Surjeet Auto Private Limited

August 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	10.65 (Reduced from 11.25)	CARE BB; Stable / CARE A4	Rating removed from ISSUER NOT COOPERATING category and LT rating upgraded from CARE B; Stable outlook assigned and ST rating reaffirmed
Short Term Bank Facilities	40.35	CARE A4	Assigned
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

In the absence of receipt of requisite information, in line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) had reviewed the ratings of bank facilities of Surjeet Auto Private Limited (SAPL) into 'ISSUER NOT COOPERATING'. However, the entity has now provided the requisite data. Hence, CareEdge Ratings has carried out a full review of the ratings and the ratings stand at 'CARE BB; Stable/ CARE A4'. The revision in the ratings assigned to the bank facilities of SAPL is on account of availability of requisite information including FY25 (Provisional, refers to the period April 01 to March 31) and other operational details.

Ratings continue to remain constrained on account of moderate scale of operations and profitability, moderately leveraged capital structure and weak debt coverage indicators. It further remains constrained due to low bargaining power with OEMs and highly competitive and fragmented auto dealership business along with cyclical nature of automobile industry with fortunes linked to principal. The ratings, however, derives strength from vast experience of promoters and established track record of operations in the automobile dealership business.

The short-term facility of Asset backed financing has been withdrawn based on no dues provided by the lender.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustaining scale of operations with improving PBILDT margin above 5% on sustained basis
- Improvement in debt coverage indicators marked by Total debt to Gross cash accruals (TDGCA) of 10 years or lower and interest coverage of more than 2x
- Improvement in capital structure marked by overall gearing to less than 2x on sustained basis

Negative factors

- Deterioration in capital structure marked by overall gearing above 4x
- Any further deterioration of liquidity profile with increase in inventory or otherwise leading to increase in operating cycle

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that the company will continue to benefit from long-standing experience of the promoters in the auto-dealer industry and will continue to maintain overall moderate financial risk profile.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations and profitability

SAPL's scale of operations improved with a CAGR of ~18% over the last 3 years remaining moderate at Rs.194.79 crore during FY25 and Rs.181.42 during FY24. The profitability marked by PBILDT margin remained moderate at 3.95% during FY25 and 4.37% during FY24. Further, with higher finance expenses, PAT margin remained thin at 0.78% during FY25 and 1.66% during FY24.

Moderately leveraged capital structure and weak debt coverage indicators

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

Capital structure remained leveraged over the years as marked by overall gearing of 2.37x as on March 31, 2025, as against 2.11x as on March 31, 2024, due to higher working capital utilization during FY25. Further, debt coverage indicators remained weak as marked by interest coverage ratio of 1.61x during FY25 due to higher finance cost during FY25. TDGCA deteriorated to 26.90x in FY25 as against 13.02x during FY24 due to higher outstanding balance of working capital limits as on March 31, 2025.

Limited bargaining power with OEMs

SAPL's business model is largely in the nature of trading wherein profitability margins are lower. Moreover, dealers have less bargaining power over the principal manufacturer. The margin on products is set at a particular level by the principal manufacturer thereby restricting the profitability. To capture the market share, the auto dealers' offers better buying terms like allowing discounts on purchases. Such discounts offered to customers create margin pressure.

Highly competitive and fragmented auto dealership business along with cyclical nature of automobile industry with fortunes linked to principal

The automotive sector is dependent on the economic growth, credit conditions and consumer confidence. The auto industry is inherently vulnerable to economic cycles and is highly sensitive to interest rates and fuel prices. A hike in interest rate increases the costs associated with the purchase leading to purchase deferral. The fuel prices have a direct impact on the running costs of the vehicle and any hike in the same would lead to reduced disposable income of the consumers, influencing the purchase decision. The policies implemented by government also have a direct bearing on the sale of passenger vehicles. Also, the fortunes of the dealers' rest on the performance of the principal and the acceptability of its products in the market. SAPL is dealer of Hyundai Motor India Limited. Hyundai is one of the best car manufacturers in India with a total market share of ~14%. SAPL derives its TOI largely from sale of Hyundai's personal motor vehicles. Hence, performance and prospects of SAPL is highly dependent on Hyundai being its principal.

Key strengths**Vast experience of the promoters and established track record of operations in the automobile dealership business**

Surjeet Auto Private Limited (SAPL) was incorporated in 2010 as an authorized dealer and authorized service center for Hyundai Motors India Limited (HMIL). The company owns two sales showrooms cum service centers in Bhopal, Madhya Pradesh. Mr. Tulsi Das Nenwani and Mr. Ramesh Nenwani, with experience of over 4 decades in auto dealership industry, actively look after the entire operations of the company. In addition to SAPL, the promoters also run a Bajaj Auto dealership in the name of M/s. Surjeet Auto Agency since 1983. Further, Mr. Ramesh Nenwani also hold partnership in M/s. Eshan Autocorp India LLP, also engaged in Hyundai Dealership.

Liquidity: Stretched

The liquidity position remained stretched during FY25 marked by low cash accruals, moderate liquidity ratios and negative cash flow from operations. Gross cash accruals remained at Rs.2.08 crore in FY25 while cash flow from operations continued to remain negative at Rs.4.47 crore during FY25 as against negative at Rs.12.87 crore during FY24. SAPL's operating cycle remained at 64 days in FY25 as against 39 days in FY24 led by increase in inventory days since the company necessitates to maintain inventory during workshops. Current ratio remained at 0.93x as on March 31, 2025. Further, average working capital limits utilization remained ~70% for past 12 month ended July 31, 2025, owing to working capital intensive in nature with substantial investment required in maintaining inventory of various models to meet the customer demand and unforeseen supply shortage.

Applicable criteria[Definition of Default](#)[Liquidity Analysis of Non-financial sector entities](#)[Rating Outlook and Rating Watch](#)[Financial Ratios – Non financial Sector](#)[Auto Dealer](#)[Short Term Instruments](#)

About the company and industry

Industry classification

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

Surjeet Auto Private Limited (SAPL) was incorporated in 2010 as an authorized dealer and authorized service center for Hyundai Motors India Limited (HMIL). The company owns two sales showrooms cum service centers and one stockyard in Bhopal, Madhya Pradesh. The company also operates from three rented showroom/workshop located in Sehore, Raisen and Karond. Mr. Tulsi Das Nenwani and Mr. Ramesh Nenwani, with experience of over 4 decades in auto dealership industry, actively look after the overall operations of the company. In addition to SAPL, the promoters also run a Bajaj Auto dealership in the name of M/s. Surjeet Auto Agency since 1983. Further, Mr. Ramesh Nenwani also hold partnership in M/s. Eshaan Autocorp India LLP, which is also engaged in Hyundai Dealership.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	181.42	194.79
PBILDT	7.94	7.69
PAT	3.02	1.53
Overall gearing (times)	2.11	2.37
Interest coverage (times)	2.17	1.61

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: 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/ ST-Cash Credit		-	-	-	10.65	CARE BB; Stable / CARE A4
Fund-based - ST-Mortgage Loan facility/ Asset backed financing		-	-	-	0.00	Withdrawn
Fund-based - ST-Working Capital Limits		-	-	-	40.35	CARE A4

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/ST-Cash Credit	LT/ST	10.65	CARE BB; Stable / CARE A4	-	1)CARE B / CARE A4; ISSUER NOT COOPERATING* (07-Feb-25)	1)CARE B+ / CARE A4; ISSUER NOT COOPERATING* (09-Jan-24)	1)CARE B+ / CARE A4; ISSUER NOT COOPERATING* (18-Nov-22)
2	Fund-based - ST-Mortgage Loan facility/ Asset backed financing	ST	-	-	-	1)CARE A4; ISSUER NOT COOPERATING* (07-Feb-25)	1)CARE A4; ISSUER NOT COOPERATING* (09-Jan-24)	1)CARE A4; ISSUER NOT COOPERATING* (18-Nov-22)
3	Fund-based - ST-Working Capital Limits	ST	40.35	CARE A4				

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

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/ ST-Cash Credit	Simple
2	Fund-based - ST-Mortgage Loan facility/ Asset backed financing	Simple
3	Fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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