

## Mohan Auto Industries Private Limited

September 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	15.48	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	32.75	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ 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 Limited (CareEdge Ratings) has been seeking information from Mohan Auto Industries Private Limited (MAIPL) to monitor the rating vide e-mail communications dated August 04, 2025, August 11, 2025, August 14, 2025, August 18, 2025, and letter dated August 20, 2025, etc. and numerous phone calls. However, despite our repeated requests, MAIPL has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The rating on MAIPL's bank facilities will now be denoted as CARE BB; Stable; ISSUER NOT COOPERATING\* & CARE A4; 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 ratings.**

The ratings assigned to the bank facilities of Mohan Auto Industries Private Limited (MAIPL) are constrained by fluctuating profitability, exposure to related parties, cyclical nature of the industry, intense competition and linkage to the fortunes of its Original Equipment Manufacturers (OEM) i.e. Hyundai Motors India Limited (Hyundai) and TVS Motor Company Limited (TVS). The ratings, however, derive strength from MAIPL's long track record, experienced promoters, growing scale of operations, moderate capital structure and debt coverage indicators.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on August 23, 2024, the following were the rating strengths and weaknesses.

#### Key weaknesses

##### Thin and fluctuating profitability associated with auto dealership business

MAIPL's profitability has been fluctuating over past 5 years ending FY24 (refers to period April 1 to March 31), with PBILDT margin ranging between 3.5% and 5%. PAT margin remained thin between 1% to 2.50% over the same period. Higher employee costs and discounts resulted in lower profitability during FY24.

##### Exposure to related parties

MAIPL has exposure to related parties in the form of investments and loans and advances. As on March 31, 2024, the exposure formed more than 20% of MAIPL's tangible net worth. While the total exposure has reduced gradually over the past few years, timely recovery of the said amounts is critical from credit rating perspective. Incremental outflow towards group companies and its impact on MAIPL's financial risk profile will remain a rating monitorable.

##### Cyclical nature of the industry

The automobile industry is highly vulnerable to economic cycles and is majorly driven by consumer's preferences. The industry is also highly sensitive to interest rate and inflation and any rise in the same increases purchase cost thus affecting disposable income of the consumer. The company thus faces significant risks associated with dynamics of the auto industry.

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

### **Intense competition in the industry**

Indian automobile industry is highly competitive in nature with large numbers of players operating in the passenger vehicle segment. OEMs are also encouraging more dealerships to improve penetration and sales, thereby increasing competition. The entry barriers in the dealership business in terms of investment in set up and technology is low. Therefore, emergence of new dealers is very imminent and the competition it faces from existing dealers of other OEM's is very intense. To offset the same, dealers must come up with extra discounts, which creates margin pressure and negatively impact the earnings capacity of the firm. Also, launch of different variants of products at competitive prices from other OEM's pose significant threat to the survival because of drop in sales over change in customer preference from one OEM to another.

### **Key strengths**

#### **Extensive experience of promoters**

MAIPL was founded by Mr. Mohan Ghatge and Mr. Satish Ghatge. Both the founders have an experience of more than four decades in the automobile industry. Currently, the operations are managed by second generation entrepreneur Mr. Tej Satish Ghatge (Managing Director) who is a qualified B.B.A. professional with more than two decades of experience. The other promoters, Mrs Nandini Mohan Ghatge (B.A. Hons in English) and Mr. Digvijay Rajebhosale (Diploma in Automobile Engineering) have more than three decades of experience. The directors are supported by a qualified team of professionals with significant experience in their respective fields.

#### **Growing scale of operations**

MAIPL's scale of operations have improved steadily over FY20-FY24 from Rs.241.09 crore to Rs.507.94 crore, witnessing a CAGR of 16.17%, supported by addition of showrooms and higher volumes in passenger vehicles (PV), two- wheeler (2W) and three-wheeler (3W) categories.

#### **Diversified source of revenue**

MAIPL operates 10 showrooms of Hyundai passenger vehicles and 3 showrooms of TVS motors on 3S (Sales, Spares and Services) model. In FY24, the company generated ~85% of its total revenue from the sale of new vehicles, ~3% from the sale of used vehicles, ~7% from spare parts and accessories and remaining from workshops and services provided by the company. By providing all services under one roof, company is able to attract many customers.

#### **Moderate capital structure and debt coverage indicators**

Capital structure and debt coverage indicators remained moderate, with overall gearing of 1.38x as on March 31, 2024 (1.23x as on March 31, 2023). Adjusted (for exposure to related parties) overall gearing stood at 1.68x as on March 31, 2024 (1.83x as on March 31, 2023). TDGCA and interest coverage remained moderate during FY24 at 5.79x (3.22x in FY23) and 3.24x (4.49x in FY23) respectively.

#### **Liquidity: Adequate**

The liquidity position of the company remained adequate marked by sufficient cash accruals of ~Rs.14 crores against a debt repayment obligation of Rs.5.87 crores in FY25. The operating cycle of the company increased from 25 days in FY23 to 37 days in FY24 on account of increase in inventory. The average utilization of working capital limits for past twelve months July 31, 2024, remained at 78%. The company has free cash and bank balance of Rs.2.03 crore as on March 31, 2024.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### **Applicable criteria**

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Short Term Instruments](#)

[Liquidity Analysis of Non-financial sector entities](#)

## 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 1979, MAIPL is promoted by Ghatge family. Based in western Maharashtra, MAIPL is operating authorized dealership of Hyundai Motors India Limited from the year 1999 and TVS Motor Company Limited since 2001. The company is primarily engaged in the sale of passenger cars, 2W and 3W, servicing and sale of spare parts. It manages operations through its 3S (sales, spare and service) facility showrooms. Further, the company also operates workshops for the post sale services of vehicles.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	443.04	507.94
PBILDT	21.59	18.64
PAT	11.86	8.55
Overall gearing (times)	1.22	1.38
Interest coverage (times)	4.48	3.24

A: Audited; 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		-	-	-	13.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	29/03/2030	2.48	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based-Short Term		-	-	-	32.75	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 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-Term Loan	LT	2.48	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (23-Aug-24)	-	-
2	Fund-based - LT-Cash Credit	LT	13.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (23-Aug-24)	-	-
3	Fund-based-Short Term	ST	32.75	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (23-Aug-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-Short Term	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](mailto:care@careedge.in) for clarifications.

## Contact us

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