

Sengupta Motors

September 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8.90	CARE BB-; Stable	Reaffirmed
Short Term Bank Facilities	3.10	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to the bank facilities of Sengupta Motors (SGM) continues to be constrained by its proprietorship nature of constitution, small scale of operation, linkage to the fortunes of Bajaj Auto Limited (Bajaj), limited profitability associated with dealership business, renewal based dealership agreement, pricing constraints and margin pressure arising out of competition from various auto dealers in the market and moderate capital structure and weak debt coverage indicators. The ratings, however, continue to derive comfort from experienced proprietor, authorized dealership agreement with Bajaj and integrated nature of business of the entity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operation (turnover > ₹100 crore) with improvement in its operating margin (above 4%) on a sustained basis.
- Improvement in capital structure (overall gearing ratio below 1.00x) and reduced reliance on external borrowings to fund its large working capital requirements on a sustained basis.

Negative factors

- Any sizeable decline in scale of operation (turnover < ₹35 crore) with further deterioration in operating margin from current level on a sustained basis.
- Deterioration in overall gearing ratio beyond 2.50x and increased reliance on external borrowings to fund its large working capital requirements on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook on the long-term rating reflects that SGM will continue to benefit from its association with Bajaj which will help it to sustain its total operating income (TOI), margins and financial risk profile going ahead.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operation

SGM is an authorised dealer of Bajaj and started its commercial operation from April 2017 onwards. The total operating income (TOI) remained stable at ₹ 91.65 crore in FY25 as compared to ₹ 97.05 crore in FY24. The volume levels declined to 9137 units in FY25 of Bajaj as compared to 10387 units in FY24. The decline in units was largely due to flood in the region. In addition to Bajaj vehicles the firm has also sold more than 40 units of Triumph motorcycles and 10-12 units per month of Bajaj Chetak (electric segment) from October 2024. As of July 2025, the firm has achieved a TOI of ₹22.65 crore and has sold over 3,200 units till August 2025. However, the overall scale continues to be small. The small size restricts the financial flexibility of the firm in times of stress and deprives it from benefits of economies of scale.

Proprietorship nature of constitution

SGM, being a proprietorship firm, is exposed to inherent risk of withdrawal of capital by the proprietor, restricted access to funding and risk of dissolution on account of poor succession planning. Furthermore, proprietorship firms have restricted access to external borrowing as credit worthiness of proprietor would be the key factors affecting credit decision for the lenders.

Limited profitability associated with dealership business

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

Automobile dealership is a volume driven business as margins on vehicles and spares are controlled by automobile manufacturers. Accordingly, due to limited pricing power of the firm profitability levels and margins of SGM is estimated to remain range bound in the future periods. Hence the firm's growth prospects depend on the ability to increase its volume momentum and capitalize on sale of spares and services fetching higher margin. The profitability margins of the entity improved marked by PBILDT margin of 3.07% in FY25 (FY24 1.99%). The PBILDT margins have improved due to higher margins offered from sale of Triumph Motorcycles and Bajaj Chetak (electric segment).

Pricing constraints and margin pressure arising out of competition from various auto dealers in the market

Bajaj has currently one dealer for each district thus eliminating the scope of competition from other Bajaj dealers. With the sole authorized dealership of Bajaj in Agartala the bargaining power of SGM with customers is high. However, the firm is exposed to external competition from other dealers of companies such as Suzuki, Yamaha, TVS, Honda, etc. In order to capture the market share, the auto dealers generally have to offer better buying terms like providing credit period or allowing discounts on purchases. Such discount creates margin pressure and negatively impact the earning capacity of the firm.

Linkage to the fortunes of Bajaj Auto Limited along with renewal-based dealership agreement

SGM, being an authorised dealer of Bajaj, deals exclusively with Bajaj two wheelers, spares parts and accessories. Accordingly, its fortunes are linked to the performance of Bajaj's products. As such, any shift in customer preference and brand equity might negatively impact SGM. The dealership agreement between Bajaj and SGM which is valid for three years which, as per the management, has been renewed. Moreover, the agreement is subject to automatic renewal for three years unless it is terminated due to breach of contract/fraud by the firm or it's going into liquidation. Going forward, the ability of the firm to meet the expectation of the principal i.e., Bajaj and regular renewal of the dealership agreement with the principal will be critical for the entity.

Working capital intensive nature of operations

The business of automobile dealership is having inherent high working capital intensity due to high inventory holding requirements. The firm must maintain the fixed level of inventory for display and to guard against supply shortages. Furthermore, the firm is required to give credit to sub dealers, leading to increased working capital requirements.

Moderate capital structure and weak debt coverage indicators

The overall gearing of the firm stood moderated 1.75x as on March 31, 2025, as against 1.40x as on March 31, 2024. It moderated further on account of higher working capital limits utilisation. The debt coverage indicators marked by interest coverage stood weak at 1.66x in FY25 as compared to 2.00x in FY24 due to higher interest cost in FY25.

Key strengths**Experienced proprietor albeit lack of experience in auto dealership business**

Avik Sengupta (Proprietor) has around a decade of business experience in construction industry. He looks after the day-to-day operations of the firm supported by experienced professionals.

Authorized dealership agreement with Bajaj Auto Limited

SGM enjoys the leverage of being an authorized dealer of Bajaj, which is one of the largest two and three wheelers manufacturers in India.

Integrated nature of business

SGM also provides authorized after sales service and deals in original accessories & spare parts apart from selling two wheelers by virtue of being a 3-S authorized dealer of Bajaj. Owning authorized service centre helps the firm to tap a larger client base who prefers to purchase two wheelers from dealers having own authorized service centre to avoid hassles in case of breakdown and requirement of service.

Liquidity: Adequate

Liquidity is marked adequate as the firm generated gross cash accruals of ₹ 0.83 crore in FY25 against debt repayment obligations of ₹ 0.17 crore. Going forward, the firm does not have any debt repayment obligations in FY26. Further, the firm has free cash and bank balance to the tunes of ₹ 1.21 crore as on March 31, 2025. The average utilisation of the fund based and the non-fund-based limits stood more than 95% and around 90% respectively for the past 12, months ended August 2025 as articulated by the lender.

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 firm and industry

Industry classification

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

SGM was established as a proprietorship firm in October 2016 by Mr Avik Sengupta based out of Agartala, Tripura. SGM is an authorised dealer of Bajaj and deals exclusively with Bajaj two wheelers, its spares parts & accessories and after sales services (repair and refurbishment) for the district of Agartala, Tripura. The firm has commenced operations from April 2017 onwards and currently it is operating through its six showrooms and four service centres. From October 2024, the firm has started selling vehicles of Triumph Motorcycles and Bajaj Chetak (electric segment). Avik Sengupta (Proprietor) has around a decade of business experience in construction industry. He looks after the day-to-day operations of the firm supported by experienced professionals.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	4MFY26(UA)
Total operating income	97.05	91.65	22.65
PBILDT	1.93	2.81	-
PAT	0.63	0.63	-
Overall gearing (times)	1.40	1.75	-
Interest coverage (times)	2.00	1.66	-

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-Cash Credit		-	-	-	8.90	CARE BB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	3.10	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-Cash Credit	LT	8.90	CARE BB-; Stable	-	1)CARE BB-; Stable (24-Oct-24)	1)CARE BB-; Stable (05-Oct-23)	1)CARE BB-; Stable (28-Nov-22)
2	Non-fund-based - ST-Bank Guarantee	ST	3.10	CARE A4	-	1)CARE A4 (24-Oct-24)	1)CARE A4 (05-Oct-23)	1)CARE A4 (28-Nov-22)

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	Non-fund-based - ST-Bank Guarantee	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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Arindam Saha Director CARE Ratings Limited Phone: +91-33-40181631 E-mail: arindam.saha@careedge.in Gopal Pansari Associate Director CARE Ratings Limited Phone: +91-33-40181647 E-mail: gopal.pansari@careedge.in Roshan Agarwal Analyst CARE Ratings Limited E-mail: Roshan.agarwal@careedge.in
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