

Shital Motors Private Limited

September 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE BB; Stable	Assigned
Long Term / Short Term Bank Facilities	47.50	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Shital Motors Private Limited (SMPL) remain constrained on account of thin profitability margins and stretched liquidity during FY25 (Provisional, period refers to April 01 to March 31) along with leveraged capital structure and weak debt coverage indicators. Ratings further remain constrained owing to limited bargaining power with OEMs and presence in 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 experience of promoters in the auto-dealership industry and growing scale of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustaining scale of operations with improving PBILDT margin above 3% 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 2.5x
- Improvement in capital structure marked by overall gearing less than 2.5x on sustained basis

Negative factors

- Any further deterioration of liquidity profile with increase in inventory or otherwise leading to increase in operating cycle above 75 days

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believe that the company will continue to benefit from long-standing experience of the promoters in the auto-dealer industry and will continue to maintain the overall financial risk profile.

Detailed description of key rating drivers:

Key weaknesses

Thin profitability margins

The profitability margins of the company remained thin owing to inherent risks associated with the trading nature of the auto dealership business. SMPL exhibited a stable trend with a PBILDT margin within 1-2% in the past three years ended FY25. The PBILDT margin remained at 1.65% during FY25 (PY: 1.63%). Consequent to thin PBILDT margins and higher finance costs, PAT margin remained at 0.61% during FY25. However, it remained at 1.65% in FY24 wherein SMPL booked profit on sale of building. Further, margins are expected to remain in similar range for short-medium term.

Leveraged capital structure and weak debt coverage indicators

Capital structure remained leveraged over the past years owing to high working capital limits as marked by overall gearing of 4.84x as on March 31, 2025, (4.47x as on March 31, 2024). Total debt primarily consists of working capital facilities and unsecured loans to fund the inventories. Debt coverage indicators remained weak over the years as marked by interest coverage of 1.68x in FY25 (1.74x in FY24). TDGCA remained weak at 18.00x in FY25 (5.51x in FY24) owing to higher outstanding debt as on March 31, 2025, coupled with moderation in profitability.

Limited bargaining power with OEMs

SMPL's business model is primarily in the nature of trading wherein profitability margins are lower. Moreover, dealers have less bargaining power over principal manufacturers. The margin on products is set at a particular level by the principal manufacturer

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

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. SMPL is dealer of Mahindra & Mahindra Limited (M&M, rated CARE AAA; Stable/ CARE A1+), one of the top car manufacturers in India with a total market share of ~12%. Hence, performance and prospects of SMPL is highly dependent on M&M being its principal.

Key strengths

Experience of promoters

Overall operations of the company are currently managed by Arvind Thakker, Dhaval Thakker and Kavita Thakker. Arvind Thakker brings an experience of over 2 decades in the automobile industry, having been involved in the business since 2002. Further, Arvind Thakker and Dhaval Thakker also serve as the directors of Gara Autozone Private Limited (Autobots), engaged in dealership of Volvo cars.

Growing scale of operations

SMPL has reported revenue growth at a CAGR of ~54% in the past four years ended FY25, with TOI of Rs. 417.80 crore in FY25 consequent to increase in demand of its top models i.e., XUV700, Bolero Max, Thar, Scorpio, etc. Further, in Q1FY26, SMPL has reported TOI of ~Rs.134 crore. SMPL has sold 3,862 cars in FY25 and ~1,000 cars in Q1FY26. It is expected to report volume driven growth in TOI with sales momentum of new EV cars and addition of new showroom and workshop.

Liquidity: Stretched

SMPL's liquidity remained stretched marked by moderate liquidity ratios, negative cash flow from operations and high working capital utilization during FY25. Cash flow from operations remained negative at Rs.8.22 crore during FY25 as against Rs.8.01 crore at during FY24 mainly due to higher inventories with addition of new showrooms. Operating cycle remained moderate at 48 days in FY25 as compared to 27 days in FY24. Average working capital utilization remained ~70% for past 12 month ended July 31, 2025, owing to working capital intensive nature with substantial investment required in maintaining inventory of various models to meet the customer demand. Gross cash accruals remained at Rs.3.25 crore in FY25 to repay debt obligation of Rs.3.00 crore arising in FY26. The unencumbered cash and bank balance stood at Rs.1.75 crores as on March 31, 2025.

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](#)

[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

Ahmedabad (Gujarat) based Shital Motors Private Limited (SMPL) was incorporated in December 1988 and was taken over by Arvind Thakker in 2002. SMPL is engaged in auto dealership of Mahindra & Mahindra Limited. The company is currently promoted and managed by Arvind Thakker, Dhaval Thakker and Kavita Thakker. SMPL operates 10 showrooms/workshops and 2 stockyards

situated across Ahmedabad and Surendranagar. Arvind Thakker and Dhaval Thakker also hold directorship of Gara Autozone Private Limited (Autobots), engaged in dealership of Volvo cars.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	357.30	417.80
PBILDT	5.82	6.89
PAT	5.90	2.55
Overall gearing (times)	4.47	4.84
Interest coverage (times)	1.74	1.68

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		-	-	-	10.00	CARE BB; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	47.50	CARE BB; Stable / 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-Working Capital Limits	LT/ST	47.50	CARE BB; Stable / CARE A4				
2	Fund-based - LT-Cash Credit	LT	10.00	CARE BB; Stable				

LT: Long 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-Cash Credit	Simple
2	Fund-based – LT/ 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.

Contact us

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