

R A Motors Private Limited

November 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	65.57	CARE B+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the long-term rating assigned to the bank facilities of R A Motors Private Limited (RAMPL) factors in company's small scale of operations with low profitability margins, leveraged capital structure coupled with weak debt coverage indicators along and intense competition in the industry. The ratings also factor in regional concentration risk and limited bargaining power with the principal automobile manufacturer i.e. Tata Motors Limited. However, rating derives strength from experienced promoters in the automobile dealership industry and benefit arising from long standing relationship with Tata Motors Limited.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations and profitability margins leading to TOL/TNW below 3.75x on a sustained basis.
- Improvement in debt coverage parameters marked by interest coverage of more than 1.50 times on a sustained basis

Negative factors

- Deterioration in liquidity position on account of elongation of operating cycle beyond 100 days on sustained basis
- Any further deterioration in interest coverage ratio below 1.00x.
- Significant decline in scale of operations below ₹200 crores with PBILDT margins falling below ~2.00% on a sustained basis

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the company will continue to benefit from the promoters' experience in the automobile dealership industry and its long-standing association with Tata Motors Limited, translating into adequate performance in the near-to-medium-term.

Detailed description of key rating drivers:

Key Weaknesses

Small scale of operations with low profitability margin

RAMPL scale of operations remained small, with a total operating income of ₹262.57 crore in FY25 (FY refers to April 01 to March 31), marginally up from ₹260.39 crore in FY24. The small scale limits the financial flexibility of the company in times of stress. Further, the company has limited bargaining power with principal automobile manufacturer Tata Motors Limited. Hence, the profitability margins remained low, as marked by PBILDT margin and profit after tax (PAT) margin of 2.64% (PY: 2.64%) and 0.24% (PY: 0.31%) respectively in FY25.

Leveraged capital structure and Weak debt coverage indicators

The capital structure of the company stood leveraged as marked by high overall gearing of 4.05x as on the balance sheet date ending March 31, 2025 (PY: 4.92x), largely on account of small net-worth base and high working capital requirement. The debt coverage indicators of the company remained weak as marked by interest coverage ratio and total debt to GCA of 1.18x and 43.76x respectively in FY25, compared to 1.15x and 51.52x respectively in FY24.

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

Limited bargaining power with principal automobile manufacturer

Being primarily into auto dealership business, RAMPL's business model is largely in the nature of trading wherein profitability margins are inherently thin. Moreover, in this business a dealer has very less bargaining power over the principal manufacturer. The margin of products is set by the principal manufacturer thereby restricting scope for incremental earnings for RAMPL.

Intense competition in the industry

Indian automobile industry is highly competitive as there are large numbers of players operating in the market such as Maruti Suzuki India Limited, Tata Motors (rated CARE AA+; Stable / CARE A1+), Hyundai, Honda, Toyota. in the passenger vehicle segment. Original Equipment Manufacturers (OEMs) are encouraging more dealerships to improve penetration and sales, thereby increasing competition amongst dealers. Entry of global players in the Indian market has further intensified the competition. Hence, OEMs offer various discount schemes to attract customers. Due to intense competition in the industry, dealers are also forced to pass on discounts and exchange schemes to attract customer as this is a volume driven business. Dealers' fate depends on the industry scenario and performance of OEMs. The company is dealer of Tata Motors Limited (TML) only and derives its total operating income largely from sale of TML's commercial vehicles and passenger cars. Hence, performance and prospects of the company are highly dependent on TML being its principal.

Key strengths**Experienced promoters in automobile dealership industry**

R A Motors Private Limited (RAMPL) was incorporated in 2004 by Ajay Chaturvedi and Usha Sharma. Ajay Chaturvedi is a graduate by qualification, having more than three decades of experience in diversified business lines such as automobile dealership, vehicle financing, and warehousing and logistics through RAMPL and in his individual capacity. He looks after the overall operations of the company and is well supported by his wife, Usha Sharma, who is also a graduate by qualification, having ~15 years of experience in this business through her association with RAMPL. She was previously associated with the education sector. The promoters of the company are assisted by a team of professionals who are highly experienced in their respective domains.

Established track record of operations with long standing association with Tata Motors Limited:

The company is running operations from 2004 and has long track record of operations in diversified business lines of sale of vehicles, vehicle financing and logistics and warehousing through individual capacity. The company has long standing association with Tata Motors Limited and is an authorised dealer of entire range of commercial and passenger vehicles of TATA Motors Limited (rated CARE AA+; Stable / CARE A1+ Retained as on July 05, 2024) It deals in vehicles like Tiago, Nexon, Altroz, Punch, Harrier, Safari Storme, Curve, etc. in Passenger Vehicle (PV) segment and Ace, Prima, Magic, Ultra, Winger, M & HCV, light trucks etc. in Commercial Vehicle (CV) segment.

Liquidity: Stretched

The liquidity position of the company remains stretched as marked by ~70% average utilisation of working capital limits for the past 12 months ended September30, 2025. The current ratio stood at 1.20x, while the quick ratio stood at 0.57x as on March 31, 2025. The company has tightly matched accruals against repayment obligations. The company generated net cash accruals (NCA) of ~₹1.30 crore in FY25 and is expected to generate NCA of ~₹1.34 crore in FY26, against repayment obligations of ~₹1.10 crore in the same year. RAMPL is not planning to incur any major capex in the near to medium term.

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](#)

About the company and industry

Industry classification

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

R A Motors Private Limited (RAMPL) was incorporated in December 2004 as a private limited company and is currently managed by Ajay Chaturvedi and Usha Sharma. Ajay Chaturvedi has an overall experience of over 30 years in diversified business lines such as sale of vehicles, vehicle financing, and logistics and warehousing through his individual capacity. The company is an authorised dealer of the entire range of commercial and passenger vehicles of Tata Motors Limited and operates with a total of 9 facilities, including three 3S (sales, service and spare parts) facilities in Etah, Badaun, and Moradabad, Uttar Pradesh, and six 1S (sales) showrooms in various districts in Uttar Pradesh. Sale of vehicles contributes ~92% of the company's total revenue, while the balance ~8% is from sale of spare parts and servicing.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	H1FY26 (UA)
Total operating income	260.39	262.58	125.00
PBILDT	6.87	6.92	-
PAT	0.82	0.63	-
Overall gearing (times)	4.92	4.05	-
Interest coverage (times)	1.15	1.18	-

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE B+; Stable
Fund-based - LT-Electronic Dealer Financing Scheme		-	-	-	55.94	CARE B+; Stable
Fund-based - LT-Term Loan		-	-	April 2027	4.63	CARE B+; Stable

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	55.94	CARE B+; Stable	-	1)CARE B+; Stable (04-Nov-24)	1)CARE B+; Stable (25-Sep-23)	1)CARE B+; Stable (06-Oct-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	-	1)Withdrawn (25-Sep-23)	1)CARE B+; Stable / CARE A4 (06-Oct-22)
3	Fund-based - LT-Cash Credit	LT	5.00	CARE B+; Stable	-	1)CARE B+; Stable (04-Nov-24)	1)CARE B+; Stable (25-Sep-23)	1)CARE B+; Stable (06-Oct-22)
4	Fund-based - LT-Term Loan	LT	4.63	CARE B+; Stable	-	1)CARE B+; Stable (04-Nov-24)	1)CARE B+; Stable (25-Sep-23)	-

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-Electronic Dealer Financing Scheme	Simple
3	Fund-based - LT-Term Loan	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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