



Press Release

FPL eAuto Private Limited (FPLE)

March 04, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	13.00	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	54.50	IVR A4+ (IVR A Four Plus)	-	Rating Assigned	Simple
Total	67.50	(Rupees Sixty-Seven crores and Fifty lakhs only)			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating assigned to the bank facilities of FPL eAuto Pvt Limited (FPLE) as it derives comfort being a authorised dealer for Tata Motors Limited (TATA), sustained improvement in total operating income and stable operating profitability, moderate capital structure and debt protection metrics and established geographical presence backed by group company (FPL Automobiles Private Limited (FAPL): rated IVR BBB-/ Stable vide PR dated February 13, 2025).

The ratings are however partially offset by the working capital-intensive operations, intense competition in the auto dealership industry and limited bargaining power with principal automobile manufacturers.

The outlook is assigned 'Stable' with Infomerics expectations of Stable revenue and profitability and capital structure expected to remain commensurate with the current rating levels over the medium term.

Key Rating Sensitivities:



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Upward Factors

- Substantial improvement in scale of operations with sustainability in margins

Downward Factors

- Any decline in the scale of operation and profitability leading to deterioration of debt protection metrics

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Improvement in total operating income and stability of margins

FY24(period refers from April 01, 2023, to March 31, 2024) being a first full year of operations, FPLE achieved a total operating income (TOI) of Rs. 130.25 crores from Rs. 21.31 crore in FY23 (November 2022 to March 2023) with higher volume of sales of vehicles. The EBITDA margin improved to 3.20% in FY24 from 1.42% in FY23 on account with benefits of operating leverage. EBITDA in absolute terms has increased to Rs. 4.17 crores in FY24 as against Rs. 0.30 crores in FY23. PAT margin improved and stood at 0.76% in FY24 from a loss of -1.74%. FPLE has achieved a TOI of Rs.146.21 crores during 9MFY25 with EBITDA and PAT margin of 3.32% and 0.59% respectively.

Experienced Promoters in automobiles dealership:

FPLE's promoters have over a two decades of experience in automobile dealership, it's group company FPL has authorised dealer of Hyundai Motors since 2014. FPLE leveraged its promoters experience of automobile dealership.

Key Rating Weaknesses

Leverage capital structure, moderate debt protection metrics and small net worth base:

FPLE's capital structure remained small with net worth of Rs.7.56 crore as on 31st March 2024 (31st March 2023: Rs.3.56 crore). FPLE's capital structure remained leveraged with overall gearing stood at 3.62x while TOL/TNW stood at 3.80x as on 31st March 2024 (31st March 2023:4.01x and 4.23x respectively). EBITDA interest coverage ratio remained moderate and at 2.01x at the end of FY24.

Working capital intensive operations



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FPLE's operations are working capital intensive in nature marked by gross working capital days of 54 days at the end of FY24. FPLE needs to keep stock of vehicles in the showrooms. FPLE also needs to keep the stock of spares, oils and other parts for servicing vehicles.

Intense competition in the auto dealership industry

Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market like Ford, Maruti-Suzuki, Hyundai etc. in the passenger vehicle segment. Entry of the global players in the Indian market has further intensified the competition. Due to very high competition in the industry, dealers are also forced to pass on discounts and other schemes to attract customers as this is a volume driven business. Hence, the performance and prospects of the company is highly dependent on TATA motors being its principal.

Limited bargaining power with principal automobile manufacturers

Owing to the inherent limitation in automobile dealership business firm is having limited bargaining power with TATA. FPLE's business model is largely in the nature of trading wherein profitability margins are very thin. Moreover, in this business a dealer has very little bargaining power over the principal manufacturer. The margin on products is set at a particular level by the principal manufacturer, thereby restricting the company earning incremental income.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity –Adequate



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The liquidity of FPLEE is adequate as reflected by GCA ranging between Rs.2.83 crore-Rs.6.18 crores as against the repayment of Rs.0.92 crores in FY25-27. The current ratio stood at 1.05x in FY24, compared to 1.03x in FY23. FPLEE had cash and cash equivalents of Rs. 1.33 crore as of September 30, 2024. The average utilization limits as of November 2024 stood at around 46%.

About the Company

FPLE is new authorised distributors for TATA vehicles in the Greater Chennai Area. With over 20+ years of industry expertise with two established automobile brands, FPLE is currently serving the Chennai market for Tata Motors. It serves sales and services of passenger cars for both ICE and Electric variants.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	130.25	185.68
EBITDA	4.17	7.00
PAT	0.99	1.25
Total Debt	27.36	45.10
Tangible Net Worth	7.56	8.81
EBITDA Margin (%)	3.20	3.77
PAT Margin (%)	0.76	0.67
Overall Gearing Ratio (x)	3.62	5.12
Interest Coverage (x)	2.01	1.74

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan	Long Term	13.00	IVR BB+/ Stable	--	--	--
2.	E- DFS	Short Term	45.00	IVR A4+	--	--	--
3.	Inventory Funding	Short Term	9.50	IVR A4+	--	--	--

Analytical Contacts:

Name: Amey Joshi

Tel: (022) 6239 6023

Email: amey.joshi@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	--	--	--	FY 2027	13.00	IVR BB+/ Stable
E- DFS	--	--	--	--	45.00	IVR A4+
Inventory Funding	--	--	--	--	9.50	IVR A4+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-FPLAuto-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.