April 04, 2025

Jasper Industries Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Cash Credit	223.40	247.98	[ICRA]BB+ (Stable); reaffirmed
Long-term fund-based – Term loan	86.13	81.02	[ICRA]BB+ (Stable); reaffirmed
Long-term/ short-term – Unallocated Limits	107.72	88.25	[ICRA]BB+(Stable)/[ICRA]A4+; reaffirmed
Total	**417.25**	**417.25**	

**Instrument details are provided in Annexure- I*

Rationale

The ratings consider Jasper Industries Private Limited's (JIPL) established operational track record as an authorised dealer of commercial vehicles (CV) and passenger vehicles (PV) of Tata Motors Limited (TML) with more than 80 touch points and the strong association of the Jasper Group with the Tata Group of Companies. The ratings also consider the strong market position of JIPL in both PV and CV segments in Andhra Pradesh and Telangana. The company recorded a healthy revenue growth of ~25% in FY2024 on the back of healthy demand for TML's PVs and recovery in demand for CVs. In 10M FY2025, PV sales volume increased by 36.9% on the back of healthy demand for TML's PVs, driven by new product launches. However, the CV sales volumes declined by ~10% in 10M FY2025 owing to subdued demand. TML's market leadership position in CVs and healthy demand for its PVs augur well for JIPL's growth, going forward.

The ratings are, however, constrained by JIPL's moderate financial profile, characterised by leveraged capital structure and modest debt coverage indicators, as indicated by total debt/OPBIDTA of 9.4 times and DSCR of 0.9 times in FY2024. High repayment obligations are likely to constrain the coverage indicators in the near term. Moreover, the company has extended sizeable loans and advances to its Group entities, impacting its debt levels. The ratings also factor in the company's thin profit margins, inherent to the dealership nature of the business, as new vehicle sales, which dominate the revenue mix, command lower margins. The ratings consider intense competition from dealers of TML and other original equipment manufacturers (OEMs) in the region. The ratings also consider high geographical concentration risk as revenues are generated only from Andhra Pradesh and Telangana. Further, the ratings consider the company's stretched liquidity profile, given the limited buffer in working capital limits and modest free cash.

The Stable outlook on the long-term rating reflects ICRA's opinion that JIPL will continue to record a healthy revenue growth, given its established position as a dealer of TML's CVs and PVs in Andhra Pradesh and Telangana.

Key rating drivers and their description

Credit strengths

Established track record as TML dealer; recovery in demand expected to support revenue growth – JIPL is an authorised dealer of TML's CVs and PVs with a wide sales network across Andhra Pradesh and Telangana. JIPL was one of the first few dealers appointed by TML in 1954. Further, TML is the largest CV manufacturer in India with a ~38% market share in FY2024 and 9M FY2025, which is expected to support JIPL's revenues. The company has a wide sales network with more than 80 touch points across all the districts of Telangana and three districts of Andhra Pradesh. The company is expected to witness a healthy revenue growth of 14-18% in FY2025, driven by product mix. Recovery in PV and CV demand is expected to drive growth in FY2026.

Strong relationship with Tata Group – JIPL enjoys an established relationship with the Tata Group of Companies since its establishment. JIPL also undertakes automotive body-building activities for TML's chassis requirements at its Uttar Pradesh plant through its Group company, Adithya Automotive Applications Private Limited (AAA).

Credit challenges

Moderate financial profile – The company's financial profile is moderate, characterised by high debt levels and low margins, leading to leveraged capital structure and moderate coverage indicators. Moreover, the company has extended sizeable loans and advances to Group entities, which led to higher reliance on debt. The company's total debt increased to Rs. 523.9 crore as on March 31, 2024 from Rs. 385.5 crore as on March 31, 2023 owing to high inventory holding. However, its debt level moderated to Rs. 434.1 crore as on September 30, 2024 with moderation in inventory. The company's coverage indicators are expected to remain stretched in the near term owing to high repayment obligations.

Thin margins and low bargaining power inherent to dealership business; revenue concentration on single principal – The dealership business is characterised by thin margins and low bargaining power of the dealer as margins on vehicles are determined by the principal. Further, intense competition in the auto dealership business results in low margins. JIPL's operating margin decreased to 2.4% in H1 FY2025 from 2.8% in FY2024 owing to higher proportion of vehicle sales and high fixed overheads. The company's operating margins are expected to remain thin at 2.5-3.0% in FY2025 and FY2026. JIPL faces revenue concentration as its revenues are dependent on a single principal, TML, for both CVs and PVs. Moreover, JIPL's revenues and earnings are vulnerable to the underlying cyclicality inherent in the CV industry.

Intense competition in the industry – Although the company is an authorised dealer of TML, its sales and profitability remain susceptible to intense competition from dealers of TML as well as other OEMs in the region. The dealers have to pass on additional benefits to customers to increase sales owing to intense competition, which impacts its profitability to an extent.

Liquidity position: Stretched

The company's liquidity position is stretched, as reflected in the limited buffer available in the working capital. While the company had free cash and bank balances of ~Rs. 40.9 crore as on January 31, 2025, it has high repayment obligations of Rs. 20.0-25.0 crore in the next 12 months and is expected to incur capex of Rs. 9.0-11.0 crore in the next 12 months, which would be funded through internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings, if the company demonstrates a healthy revenue growth while maintaining its profitability, leading to improvement in its debt protection metrics and liquidity position.

Negative factors – The ratings may be downgraded if any material decline in the scale of operations or lower profitability impacts its financial performance or liquidity position. A weakening of interest coverage below 1.2 times on a sustained basis could also exert pressure on the company's ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Automobile Dealerships
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

JIPL was set up in 1955 by Mr. Badiga Seshagiri Rao as a partnership firm and was later converted into a private limited company in 1987. It was among the earliest dealers appointed by Tata Motors Limited (TML) in 1955. Starting with its first outlet of TML's commercial vehicles at Vijayawada in 1955, the company now has more than 80 touch points spread across all the ten districts (Adilabad, Karimnagar, Ranga Reddy, Khammam, Medak, Nizamabad, Warangal, Mahabubnagar, Hyderabad, Suryapet) of Telangana and three districts (Guntur, Krishna and West Godavari) of Andhra Pradesh, where it is the dealer of TML's commercial vehicles. Jasper Automobiles Private Limited (it was a 100% subsidiary of JIPL) was involved in the sale of passenger vehicles in three districts of Andhra Pradesh and was merged with JIPL with effect from April 01, 2018. JIPL is currently involved in sale of both PVs and CVs. The Jasper Group is also involved in the manufacturing of automotive applications (primarily body building) for TML through Adithya Automotive Applications Private Ltd (AAA). The Group is also involved in power generation, mining and material handling. JIPL is the flagship company of the Group.

Key financial indicators (audited)

Standalone	FY2023	FY2024	H1FY2025*
Operating income	1,576.1	1,970.8	1,073.6
PAT	7.9	5.6	4.7
OPBDIT/OI	2.5%	2.8%	2.4%
PAT/OI	0.5%	0.3%	0.4%
Total outside liabilities/Tangible net worth (times)	3.2	4.1	3.4
Total debt/OPBDIT (times)	9.6	9.4	8.4
Interest coverage (times)	1.4	1.3	1.2

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Apr 04, 2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	247.98	[ICRA]BB+ (Stable)	Apr-05-2024	[ICRA]BB+ (Stable)	-	-	Jan-31-2023	[ICRA]BB+ (Stable)
Term Loan	Long Term	81.02	[ICRA]BB+ (Stable)	Apr-05-2024	[ICRA]BB+ (Stable)	-	-	Jan-31-2023	[ICRA]BB+ (Stable)
Unallocated Limits	Long Term/ Short Term	88.25	[ICRA]BB+ (Stable)/[ICRA]A4+	Apr-05-2024	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	Jan-31-2023	[ICRA]BB+ (Stable)/ [ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash Credit	Simple
Long-term fund-based – Term loan	Simple
Long-term/ short-term – Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Cash Credit**	NA	NA	NA	247.98	[ICRA]BB+ (Stable)
NA	**Term Loan**	FY2018	NA	FY2033	81.02	[ICRA]BB+ (Stable)
NA	**Unallocated Limits**	NA	NA	NA	88.25	[ICRA]BB+ (Stable)/ [ICRA]A4+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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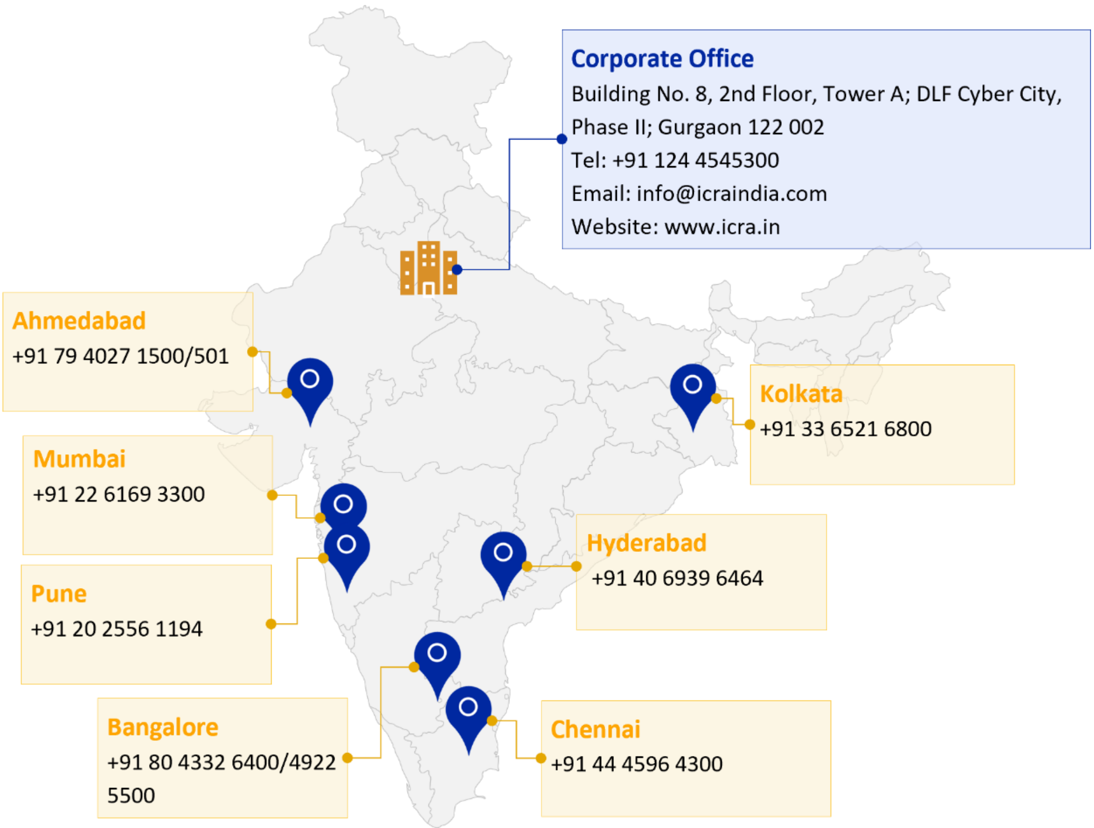

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