

April 04, 2025

## The Associated Auto Parts Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based Limits – Cash Credit	4.00	4.00	[ICRA]A+ (Stable); reaffirmed
<b>Total</b>	<b>4.00</b>	<b>4.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation to the bank facilities of The Associated Auto Parts Private Limited (TAAPPL/the company) draws comfort from its strong parentage with TVS Mobility Private Limited (TVS Mobility/parent) holding 76.0% stake in the company (as on December 31, 2024). TAAPPL is net debt negative currently and does not require financial support from its TVS Mobility. However, should there be a need, TVS Mobility has committed to extending timely and adequate support to TAAPPL, to ensure that TAAPPL's operating and financial commitments are met in a timely manner. Further, TVS Mobility's representatives are part of TAAPPL's board of directors, and TAAPPL has strong financial flexibility and lender/investor comfort arising from its parentage. The ratings also consider TAAPPL's diversified product profile and its established relationships with auto component manufacturers, which, along with favourable demand outlook are likely to drive revenue growth going forward. TAAPPL has comfortable debt metrics and adequate liquidity.

However, TAAPPL is a modest-scaled player with an operating income of Rs. 118.8 crore in FY2024 and Rs. 96.1 crore for 9M FY2025. Further, it derived over 80% of its top line in 9M FY2025 from Gujarat and Maharashtra, exposing it to any localised unforeseen events or region-specific risks. Also, TAAPPL's limited value addition due to its trading nature of operations and stiff competition restrict its pricing flexibility.

The 'Stable' outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, supported by its strong parentage, healthy business profile and comfortable debt metrics, amid favourable demand outlook.

### Key rating drivers and their description

#### Credit strengths

**Strong parentage** – TVS Mobility Private Limited (TVS Mobility/parent company) is the holding company of the T S Rajam faction of the larger TVS Group of companies – an established name in the domestic auto ancillary industry, and it holds a 76.0% stake in the company (as on December 31, 2024). TAAPPL is net debt negative currently and does not require financial support from its TVS Mobility. However, should there be a need, TVS Mobility has committed to extending timely and adequate support to TAAPPL, to ensure that TAAPPL's operating and financial commitments are met in a timely manner. Further, TVS Mobility's representatives are part of TAAPPL's board of directors, and TAAPPL has strong financial flexibility and lender/investor comfort arising from its parentage.

**Diversified product profile; established relationship with auto component manufacturers** – The company has a diversified product profile comprising brake parts, steering components, clutch plates and bearings among others. The company caters to products of several auto component manufacturers including Brakes India Private Limited, Pricol Limited, Suprajit Engineering Limited, Turbo Energy Private Limited and ZF Commercial Vehicle Control Systems India Limited to name a few.

**Comfortable debt metrics** – Over the past several years, TAAPPL has maintained its healthy financial profile supported by adequate cash flow generation, minimal capital expenditure and efficient working capital management. As a result, the dependence on external borrowings have remained low for the company. The company's capital structure remains comfortable, marked by no debt as on the balance sheet and moderate, albeit increasing, net worth. The coverage indicators also remain comfortable, with interest coverage of 50x for FY2024. Further, TAAPPL's liquidity position remained adequate with no long-term debt repayments, minimal capex plans along and healthy quantum of free cash and bank balances/liquid investments. The company's financial profile is expected to remain comfortable over the medium term, supported by steady internal accrual generation and minimal reliance on external debt.

**Favourable demand outlook** – The aftermarket segment constitutes ~15% of the overall demand and remains a vital cog in the Indian auto component industry. ICRA expects the aftermarket demand to grow at 7-9% in FY2026, supported by increase in vehicle parc, higher average age of vehicles/used car purchases, preventive maintenance and growth in organised spare parts, among other factors. The industry is expected to grow at a healthy pace over the medium term as well, with underlying demand drivers remaining intact. This is likely to augur well for TAAPPL's revenue growth.

### Credit challenges

**Modest scale of operations with geographical presence limited to few states** – TAAPPL's scale remains modest with revenues of Rs. 118.8 crore in FY2024 and Rs. 96.1 crore in 9M FY2025. Further, it derived over 80% of its top line in 9M FY2025 from Gujarat and Maharashtra, exposing it to any localised unforeseen events or region-specific risks.

**Trading nature of operations and stiff competition limit pricing flexibility** – Its value addition to products remains limited, given its trading nature of operations. Further, akin to other players in the automobile spares distribution business, the company witnesses intense competition from OE spares, other organised and unorganised players and imports, which restricts its pricing flexibility and margins. The company reported an operating margin of 7.5% in 9M FY2025. The margins are expected to remain range-bound going forward.

### Liquidity position: Adequate

TAAPPL's liquidity is adequate supported by cash flow from operations and free cash and liquid investments of Rs. 38.3 crore as on December 31, 2024. The company also had an undrawn working capital line of Rs. 4.0 crore as on the same date. TAAPPL is net debt negative currently and does not require financial support from its TVS Mobility. However, should there be a need, TVS Mobility has committed to extending timely and adequate support to TAAPPL, to ensure that TAAPPL's operating and financial commitments are met in a timely manner. In relation to these sources of cash, TAAPPL has only negligible maintenance capex commitment over the medium term (to be funded by internal accruals) and no debt repayments. Overall, ICRA expects TAAPPL to be able to meet its near-term commitments through internal sources of cash and yet be left with sufficient cash/liquid investments surplus

### Rating sensitivities

**Positive factors** – The rating may be upgraded if there is substantial increase in TAAPPL's scale and profitability, while maintaining healthy coverage indicators and adequate liquidity position, on a sustained basis.

**Negative factors** – The rating may be downgraded if there is considerable decline in TAAPPL's sales and profit margins, sizeable dividend payout or stretch in the working capital cycle, exerting pressure on the company's liquidity profile. Moreover, any weakening of credit profile of TVS Mobility or weakening of TAAPPL's linkages with TVS Mobility may also warrant a rating downgrade.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Parent company: TVS Mobility Private Limited TVS Mobility Private Limited holds 76.0% stake in the company.
Consolidation/Standalone	Standalone

## About the company

Incorporated in 1944, TAAPPL was established as an authorised jobber for General Motors (GM) and was promoted by four families. From being an authorised jobber for GM, over the years, the company has diversified into the distribution of spares and accessories of several major auto components suppliers. In May 2008, three of the four original promoter families exited the business, while one of them wished to continue and invited the TVS Group to acquire the stake of the exiting three families. Thereafter in September 2008, capital was infused in the business by way of rights issue. At present, TVS Mobility holds 76.0% stake in TAAPPL. The company distributes automobile components, spares parts and consumables through its 21 branches across Maharashtra, Gujarat, Rajasthan, Madhya Pradesh and Chhattisgarh. Its head office is in Mumbai.

## Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	124.5	118.8
PAT	9.9	4.9
OPBDITA/OI	9.5%	4.9%
PAT/OI	8.0%	4.1%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDITA (times)	0.0	0.0
Interest coverage (times)	173.3	50.0

Source: Company, ICRA Research; Note: Amount in Rs. crore; PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios in the report are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument		Current rating (FY2026)		Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				Apr 04, 2025	-	Mar 04, 2024	Mar 02, 2023
1	Fund-based – Cash Credit	Long-term	4.00	[ICRA]A+ (Stable)	-	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term-Cash Credit-Fund Based	Simple

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	Fund-based – Cash Credit	NA	NA	NA	4.00	[ICRA]A+ (Stable)

Source: Company

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

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### Branches



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