

April 08, 2025

India Motor Parts & Accessories 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 | 70.00 | 70.00 | [ICRA]AA (Stable); reaffirmed |
| Short-term – Fund-based – (sub limit) | (60.00) | (60.00) | [ICRA]A1+; reaffirmed |
| Total | 70.00 | 70.00 | |

*Instrument details are provided in Annexure I

Rationale

The reaffirmation in ratings outstanding on the bank lines of India Motor Parts & Accessories Limited (IMPAL) considers ICRA's expectation of a sustained financial performance by the company, aided by its established presence in the automotive spare parts and accessories distribution space, as well as its strong liquidity position. The company has been a pan-India aftermarket player for the last several decades and operates with more than 23,000 dealers. IMPAL caters to a wide range of products, including brake systems, steering linkages, fasteners, power train components, engine parts and lubricants, to name a few, for over 40 auto component manufacturers. The T S Santhanam Group (a faction of the larger TVS Group of companies) owns a 30.71% stake in the company, with a 21.87% stake held by Trichur Sundaram Santhanam & Family Private Limited (rated [ICRA]AA+ (Stable)/[ICRA]A1+) as on December 31, 2024. IMPAL enjoys strong financial and operational flexibility as part of the T S Santhanam Group.

The company has remained conservative on debt for the last several years, achieved on the back of prudent working capital management and limited capex due to its asset-light strategy. IMPAL had free cash and liquid investments of over Rs. 80.0 crore as on December 31, 2024. In addition, it had Rs. 137.8 crore in mutual funds with tenor more than a year, as on December 31, 2024. Further, the company also has over Rs. 1,300 crore of investments in listed TVS Group companies as on December 31, 2024. ICRA expects the company's capital structure and coverage metrics to remain comfortable over the medium term, with sizeable cash balance/liquid investments and non-current investments.

IMPAL is a moderate-scale player with an operating income of Rs. 741.2 crore in FY2024 and Rs. 600.6 crore for 9M FY2025. Also, its sizeable dependence on commercial vehicle (CV) spares exposes the company to the inherent cyclicity in the sales of CV aftermarket components (linked to economic cycles). Further, IMPAL's limited value addition, owing to its trading nature of operations and intense competition, restricts its pricing flexibility. The company reported an operating margin of 7.6% in 9M FY2025. Its return on capital employed (RoCE) was low at 5.0% for FY2024, although upon adjusting net worth for fair value of investments, the same was higher at 15.0% for the aforementioned period.

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 healthy business profile, strong liquidity position and comfortable debt metrics, amid favourable demand outlook.

Key rating drivers and their description

Credit strengths

Established relationships with auto component suppliers; diversified product profile and pan-India presence with well-entrenched distribution network – IMPAL is an established automotive spare parts and accessories distributor with a pan-

India presence and a network of more than 85 branches and 23,000 dealers. IMPAL's product portfolio is diverse, including brake systems, steering linkages, fasteners, power train components, engine parts and lubricants, to name a few. The company caters to products from more than 40 auto component manufacturers, including Brakes India Private Limited, Rane (Madras) Limited, Sundram Fasteners Limited and ZF Commercial Vehicle Control Systems India Limited.

Significant cash and liquid investments and market value of long-term investments; negligible utilisation of working capital lines for several years – As on December 31, 2024, IMPAL remained debt free, with free cash and liquid investments of over Rs. 80.0 crore and undrawn working capital limits of Rs. 70.0 crore. Its utilisation of its working capital lines remained negligible for the past several years. In addition, it had Rs. 137.8 crore in mutual funds with tenor more than a year, as on December 31, 2024. Further, the company also has over Rs. 1,300 crore of investments in listed TVS Group companies as on December 31, 2024. Being an asset-light company, IMPAL's capex is expected to remain negligible over the medium term, akin to past trends. ICRA expects the company's capital structure and coverage metrics to remain comfortable over the medium term, with sizeable cash balance/liquid investments and non-current investments.

Financial and operational flexibility as part of T S Santhanam Group – IMPAL enjoys strong operational and financial flexibility as part of the T S Santhanam Group (TSF group, a faction of the larger TVS Group of companies, an established name in the domestic auto ancillary industry). The promoters own a 30.71% stake in the company, with a 21.87% stake held by Trichur Sundaram Santhanam & Family Private Limited (rated [ICRA]AA+ (Stable)/[ICRA]A1+) as on December 31, 2024. Apart from this, Sundaram Finance Holdings Limited also held a 20.0% stake in the company as on December 31, 2024.

Credit challenges

Trading nature of operations and stiff competition limit pricing flexibility – IMPAL's revenues remain moderate, at sub Rs. 1,000 crore. For 9M FY2025, the company's revenues stood at Rs. 600.0 crore (against Rs. 562.6 crore in 9M FY2024, a YoY growth of 6.6%). The growth was aided by volume growth, across all segments. 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, restricting its pricing flexibility and margins. The company reported an operating margin of 7.6% in 9M FY2025. Its RoCE was low at 5.0% for FY2024, although upon adjusting net worth for fair value of investments, the same was higher at 15.0% for FY2024.

Sizeable dependence on the commercial vehicle segment – CV spares generated sizeable part of IMPAL's overall sales in 9M FY2025. This exposes the company to the inherent cyclicity in CV aftermarket component sales (linked to economic cycles). While the increasing revenue share from PVs, tractors and other consumables mitigates the risk to an extent, IMPAL's revenues remain susceptible to the CV industry slowdown.

Environmental and social risks

Environmental considerations – The company, being a distributor, remains indirectly exposed to climate-transition risks and regulatory risk by virtue of its suppliers remaining exposed to the same, as automotive OEMs migrate to alternative powertrains. Further, IMPAL's branches and warehouses are exposed to natural disasters (such as hurricanes and floods) and extreme weather conditions, which could interrupt operations or damage properties. However, the availability of insurance acts as a safeguard in these circumstances.

Social considerations – IMPAL is dependent on its suppliers for providing quality products to serve customers with minimal product recalls or quality failures. However, its history of serving quality products with minimal product recalls, provides comfort. The company is also exposed to changing consumer preferences, including but not restricted to increasing awareness of the potential environmental damage from emissions, shift towards electric vehicles (EV), scrappage policy and replacement of vehicles, and societal trends like the preference for ride-sharing.

Liquidity position: Strong

IMPAL's liquidity is strong with healthy cash flow from operations, free cash and liquid investments of over Rs. 80 crore and undrawn working capital limits of Rs. 70.0 crore as on December 31, 2024. Besides, it had Rs. 137.8 crore in mutual funds with tenor more than a year, as on December 31, 2024. In relation to these sources of cash, IMPAL has only negligible capex commitment over the medium term (to be funded by internal accruals) and no debt repayments. The company also has over Rs. 1,300 crore of investments in listed TVS Group companies (as on December 31, 2024). Overall, ICRA expects IMPAL to be able to meet its medium-term commitments through internal sources of cash and yet be left with healthy cash/liquid investments surplus.

Rating sensitivities

Positive factors – ICRA could upgrade IMPAL's long-term rating if it achieves material improvement in its scale of operations and profit margins on a sustained basis while maintaining its strong credit profile.

Negative factors – Negative pressure on IMPAL's ratings could emerge with sharp deterioration in the earnings or a significant rise in net debt on sustained basis with net debt/OPBDITA greater than 1.5 times.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Corporate Credit Rating Methodology |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The ratings are based on the consolidated financial profile of the company. Details of subsidiary provided in Annexure-II. |

About the company

Incorporated in 1954, IMPAL is a leading player in the distribution of automotive spare parts and accessories in India. IMPAL was jointly incorporated by TV Sundaram Iyengar & Sons Limited and Sundaram Finance Limited in 1954. However, following the TVS Group's restructuring, the company became part of the T S Santhanam faction, with Trichur Sundaram Santhanam & Family Private Limited (rated [ICRA]AA+ (Stable)/[ICRA]A1+) holding a 21.87% stake (as on December 31, 2024). The promoters own a 30.71% stake in the company. Sundaram Finance Holdings Limited holds a 20.0% stake, as on December 31, 2024. From the distribution of spares and accessories of General Motors, over the years the company has diversified into distribution of spares for all major OEMs, particularly in the commercial vehicle and PV segments.

Key financial indicators (Audited)

| Consolidated | FY2023 | FY2024 |
|--|---------|---------|
| Operating income | 725.9 | 741.2 |
| PAT | 75.1 | 73.9 |
| OPBDIT/OI | 8.8% | 7.7% |
| PAT/OI | 10.4% | 10.0% |
| Total outside liabilities/Tangible net worth (times) | 0.1 | 0.1 |
| Total debt/OPBDIT (times) | 0.0 | 0.0 |
| Interest coverage (times) | 6,420.0 | 2,851.5 |

Source: Company, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; 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 |
| | | | April 08, 2025 | April 02, 2024 | Apr 06, 2023 | May 19, 2022 |
| 1 Fund-based facilities | Long Term | 70.00 | [ICRA]AA (Stable) | [ICRA]AA (Stable) | [ICRA]AA (Stable) | [ICRA]AA (Stable) |
| 2 Fund-based facilities (sub limit) | Short Term | (60.00) | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|---|----------------------|
| Long-term Fund-based – Cash Credit | Simple |
| Short -term – Fund Based Working Capital (sub-limit of cash credit) | 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 | Long-term fund based | NA | NA | NA | 70.00 | [ICRA]AA (Stable) |
| NA | Short-term fund based (sub limit) | NA | NA | NA | (60.00) | [ICRA]A1+ |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

| Company Name | Ownership | Consolidation Approach |
|--|-----------|------------------------|
| CAPL Motors Private Limited – Subsidiary | 100.00% | Full Consolidation |

Source: Company, Annual report FY2024; The National Company Law Tribunal (NCLT) has approved the amalgamation of CAPL Motors Private Limited with IMPAL in December 2024. The appointed date for the merger is April 01, 2023.

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Branches



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