

June 11, 2025

Triumph Auto (CV) Private Limited: [ICRA] BB+(Stable)/ [ICRA] A4+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash Credit	5.00	[ICRA]BB+(Stable); assigned
Long-term/short-term – Fund-based- Dealer Invoice Financing/Inventory Funding /channel finance	269.00	[ICRA]BB+(Stable)/ [ICRA]A4+; assigned
Long-term/ short-term – Unallocated Limits	26.0	[ICRA]BB+(Stable)/ [ICRA]A4+; assigned
Total	300.00	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to Triumph Auto (CV) Private Limited (TACPL) factor in the promoters' rich experience of more than two decades in the automotive dealership industry. The Triumph Auto Group has dealerships of multiple original equipment manufacturers (OEMs) such as TATA Motors Limited (TML, [ICRA]AA+ (Stable)/ [ICRA]A1+), Hyundai, Volkswagen and Honda and the Group entities also offer affiliated services. The Group, through its various entities, operates the authorised service station for TML as well as provide genuine spare parts and accessories for Hyundai Mobis, Eicher tractors, Escorts tractors and TML. Even as TACPL has a limited track of operations as an authorised dealer of commercial vehicles (CVs) of TML since it was set up in FY2021, the company has an established market position in New Delhi, backed by the long experience of its promoters. It has registered a steady ramp-up in its revenues over the years by increasing at a compounded annual growth rate (CAGR) of 68% from FY2021 to FY2024. In FY2025, the domestic CV volumes remained almost flat due to the impact of a high base and a slowdown in infrastructure activities owing to General Elections. This affected the company's performance as it reported a decline of around 9% in its revenues in FY2025 (as per provisional financials) and saw a moderation in its operating profits. Consequently, the company's debt coverage indicators remained modest as evident by interest coverage of 1.2-1.3 times in FY2025. TACPL's working capital (WC) utilisation also remained high at Rs. 291.1 crore as of March 31, 2025. This is partially because the working capital requirements of CV dealerships remain high, given the need to extend credit to large customers, which order in bulk. Going forward, an expected recovery in demand for CV volumes and TML's strong market position provide comfort regarding TACPL's growth prospects. The company's credit profile also remains supported by nil long-term debt on its books as of March 31, 2025, and absence of any major debt-funded capex plan in the near term.

ICRA notes that TACPL remains exposed to intense competition and is susceptible to cyclicity in the CV industry. As a significant portion of the revenue is derived from its Delhi showroom, the company is exposed to geographical concentration risk. Besides, the company's main source of revenue is vehicle sales, which generate thin margins due to the inherent nature of the automotive dealership business.

The Stable outlook reflects ICRA's expectation that TACPL will continue to record a steady growth in its earnings, benefitting from the OEM's position as a market leader in the domestic CV segment, helping the company maintain its credit profile.

Key rating drivers and their description

Credit strengths

Long experience of the promoters and established relationship with TML – The promoters' long experience and established relationship with TML are expected to continue to support the business risk profile. The Group operates authorised service station for TML for more than three decades and is also an authorised distributor of spare parts of TML's CVs (buses, trucks) and thus maintains a long relationship with the principal. Backed by the rich experience of the promoters in the automotive

sector, the company has established its market position in Delhi despite limited track record of operations. The company's revenues grew steadily to Rs. 1,299.5 crore in FY2025 from Rs. 297.9 crore in FY2021. The same is expected to sustain on the back of healthy demand for the vehicles of the principal and TACPL's leading market position.

Strong market position in Delhi – TACPL is the largest dealer in Delhi for TML's medium and heavy (M&H) CVs and has a business share of 45-55% in the city. There are two other M&HCV dealers of the same principal across Delhi, however, they operate with a territory-bound model as they are authorised to sell vehicles within a specific area. The company's major portion of the revenues (more than 90%) comes from its showroom in Delhi. Its other showroom in Jhajjar, Haryana, was set up recently in FY2023 and is yet to contribute meaningfully.

Credit challenges

Moderate financial risk profile – The company's financial risk profile is marked by a high gearing and total outside liabilities to tangible net worth ratios of 7.1 times and 7.3 times, respectively, as on March 31, 2025 (as per provisional financials), due to its modest net worth. Steady accretion to reserves and absence of any major debt-funded capex plans should support a gradual improvement in the capital structure, going forward. The debt protection metrics have been modest due to moderate profitability. Interest coverage remained in the range of 1.2-1.3 times for FY2025 (1.3 times in FY2024). The interest coverage is expected to improve gradually with an uptick in the operating profitability level.

Revenues exposed to product and geographical concentration – As a significant portion of the revenue is derived from Delhi, the company is exposed to geographical concentration risks. Hence, weakening in the regional economy or region-specific events may affect sales volumes. The company also faces intense competition from the dealers of the same principal as well as other CV manufacturers. Besides, the company generates more than 95% of its top line from vehicle sales, which generate thin margins due to the inherent nature of the dealership business.

Susceptible to cyclical in the auto industry – The company's sales are vulnerable to economic cycles and inherent cyclical nature of the CV segment. Any slowdown in demand from TML, driven by the downturn in the CV industry, can impact the revenue stability. The company is dealing with only one OEM, leading to customer concentration risk.

Liquidity position: Adequate

TACPL's liquidity is expected to remain adequate, characterised by free cash and bank balances of ~Rs. 30 crore as of March 2025 (higher than usual on account of advances from customers, which was temporarily converted into fixed deposit) and expectation of improving cash flows. The utilisation of bank limits remained high at around 82% in FY2025. The company does not have any major capex plan in the near term as it plans to largely incur maintenance capex and has nil long-term debt on its books as of March 2025. Incremental funding requirements are expected to be met from existing available working capital limits and cash accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a healthy growth in its sales volume and revenues, while improving its profitability and interest coverage on a sustained basis.

Negative factors – The ratings could be downgraded if there is a material decline in the operating revenues/earnings, or a stretch in the working capital cycle, weakening the liquidity position or debt protection metrics. Specific credit metrics, which could lead to ratings downgrade include a decline in the interest coverage to less than 1.2 times on a sustained basis. Further, invocation of cross default clause by a lender upon default by any other Group company could also exert pressure on the ratings.

Analytical approach

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

About the company

Incorporated in 2020, Triumph Auto (CV) Private Limited is an authorised dealer of Tata Motors Limited's (TML) commercial vehicles (CV). The CV dealership operates in Delhi and Jhajjar (Haryana) with a sales showroom at each of these locations along with three workshops in Delhi NCR and one in Jhajjar. The business is fully family owned. The day-to-day operations are managed by Managing Director, Mr. Manu Gupta (son of promoter Mr. Naresh Gupta). The company is owned by Triumph Group companies (around 78%) and remaining by promoter and family members.

Key financial indicators (Audited)

Standalone*	FY2024	FY2025#
Operating income	1,424.4	1,299.5
PAT	5.4	2.0
OPBDIT/OI	2.0%	1.8%
PAT/OI	0.4%	0.2%
Total outside liabilities/Tangible net worth (times)	7.7	7.3
Total debt/OPBDIT (times)	7.5	12.7
Interest coverage (times)	1.3	1.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; #FY2025 figures as per provisional financials

*Note: The auditor has classified the audited financials as consolidated for TACPL in the annual report. However, the audited results represent standalone financial profile of the company as it does not have any associates/subsidiaries etc. As per the management, the annual results have been prepared for the company's two showrooms, which are at different places. This led the auditor classifying them as consolidated.

Key financial indicators (Audited)

Consolidated (TACPL + TASPL) – ICRA Estimated	FY2023	FY2024
Operating income	1,378.4	1,679.8
PAT	14.7	10.9
OPBDIT/OI	2.9%	2.4%
PAT/OI	1.1%	0.6%
Total outside liabilities/Tangible net worth (times)	9.1	6.1
Total debt/OPBDIT (times)	8.0	6.2
Interest coverage (times)	2.2	1.6

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

There exists a cross-default clause in the sanction letter for a lender, which states that default by Triumph Auto Services Private Limited (TASPL) will result in default by TACPL. Hence, the consolidated financials for TACPL and TASPL have been shown above.

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)	Jun 11, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term	5.00	[ICRA] BB+ (Stable)	-	-	-	-	-	-
Dealer Invoice Financing/ Inventory Funding facility/channel finance	Long term/ short term	269.00	[ICRA] BB+ (Stable)/ [ICRA] A4+	-	-	-	-	-	-
Unallocated	Long term/ short term	26.0	[ICRA] BB+ (Stable)/ [ICRA] A4+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash Credit	Simple
Long-term/short-term – Fund-based- Dealer Invoice Financing/Inventory Funding facility/channel finance	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	5.00	[ICRA]BB+ (Stable)
NA	Dealer Invoice Financing/ Inventory Funding facility/ channel finance	NA	NA	NA	269.00	[ICRA]BB+ (Stable)/[ICRA]A4+
NA	Unallocated	NA	NA	NA	26.0	[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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