

RATING RATIONALE

24 Mar 2026

DADA Motors Pvt Ltd

Brickwork Ratings upgrades/assigns the long-term and short-term ratings for the bank loan facilities of Rs 317.88 Crs of DADA Motors Pvt, Ltd.

Particulars :

Facilities**	Amount (Rs. Crs)		Tenure	Rating#			
	Previous	Present		Previous (05 Mar 2025)	Present		
Fund Based							
Term Loan -Outstanding	13.41	8.78	Long Term	BWR BBB- /Stable Assignment	BWR BBB/Stable Upgraded		
Sub-Limit (Term loan-ECLGS) -Outstanding	(01.78)	(0.44)					
Sub-Limit (Term Loan II (LAP) -Outstanding)	(00.40)	(00.00)					
Sub-Limit (Term Loan III (Capex) -Outstanding)	(04.96)	(4.33)					
Sub-Limit (Term Loan IV (WC) -Outstanding)	(03.95)	(2.93)					
Sub-Limit (Term Loan V (WC) -Outstanding)	(02.28)	(1.52)					
Working Capital Term Loan -Outstanding Sub-Limit (Cash credit) -Sanctioned	22.00 (10.00)	17.64 (10.00)	Short Term	A3 Assignment	A3+ Upgraded		
Sub-Limit (Overdraft) -Sanctioned	(03.00)	(03.00)					
Sub-Limit (Inventory Funding) -Sanctioned	(09.00)	(4.00)					
Inventory Funding Facility -Sanctioned	20.00	20.05					
Channel Finance Facility -Sanctioned	65.00	110.00					
Electronic Dealer Finance System (e-DFS) -Sanctioned	82.50	76.50					
Line of Credit	00.00	4.70					
Inventory Funding Facility -Sanctioned	00.00	47.57				-	A3+ Assingmnet

Electronic Dealer Finance System (e-DFS) -Sanctioned	0.00	32.00			
Sub Total	<i>202.91</i>	<i>317.24</i>			
Non-Fund Based					
Bank Guarantee -Sanctioned	0.64	0.64	Short Term	A3 Assingment	A3+ Upgraded
Total	203.55	317.88	(Three hundred seventeen crores eighty-eight lakhs only)		

#Please refer to the BWR website www.brickworkratings.com for the definition of the ratings.

**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

RATING ACTION / OUTLOOK

Brickwork Ratings upgrades the long-term and short-term ratings to BWR BBB/Stable and BWR A3+ for the bank loan facilities of Rs 203.55 Cr and assigns the short-term rating of BWR A3+ for the facilities of Rs 114.33 Cr of Dada Motors Pvt, Ltd.

The rating considers the company's long operational track record and the extensive experience of its directors in the automobile dealership industry, a moderate financial risk profile, the strong brand image and dealership association with Tata Motors, adequate liquidity position, and positive feedback from lenders. However, the ratings are constrained by the cyclical and competitive nature of the auto dealership industry and the limited bargaining power of dealers.

The rating outlook is assigned as “Stable,” reflecting BWR’s expectation that DADA Motors Pvt, Ltd.’s business risk profile will remain steady over the medium term. A stable outlook indicates a low probability of a rating change during this period. The outlook may be revised to “Positive” if the company achieves sustained improvement in revenue and profitability margins, while it may be revised to “Negative” in the event of a deterioration in its financial risk profile.

KEY RATING DRIVERS

Credit Strengths:-

- **Long track record of operations driven by the extensive experience of the promoters:**
The firm has operated for over three decades, establishing itself as a stable player in a highly competitive industry. Its consistent revenue base supports operational flexibility. The promoters’ extensive experience, strong market insight, solid reputation, and long-standing supplier relationships continue to strengthen the business.
- **Increasing scale of operations:**
Revenue grew by around 25%, reaching Rs. 1,247.26 crore in FY25, supported by a revival in demand for passenger and commercial vehicles, strong performance of the principal supplier, and robust demand for construction equipment. While the company’s ability to sustain high-scale operations alongside topline growth remains monitorable, Brickwork Ratings expects it to continue reporting healthy revenue growth.
- **Diversified revenue profile:**
The firm has been an authorised dealer of Tata Motors for commercial vehicles for over three decades, adding spare parts in 2002 and small commercial vehicles in 2005. It diversified into fuel retailing with a Hindustan Petroleum Corporation Limited (HPCL) petrol pump in 2004, expanded

into Jaguar Land Rover vehicles in 2011, and entered the machinery segment in 2021 through Tata Hitachi Construction Machinery.

- **Comfortable financial risk profile:**

Net worth remained comfortable at Rs 65.40 crore as on March 31, 2025, and is expected to improve over the medium term, supported by accretion to reserves. The Total Debt to TNW ratio stood at ~0.81 times, with the company reducing external borrowings. The ICSR was ~2.04 times in FY25 and is projected to strengthen further. Overall, debt protection metrics were comfortable, supported by moderate leverage and healthy profitability.

Credit Risks-:

- **Exposure to risks related to intense competition:**

With several players in the commercial and passenger vehicle segments, DADA Motors faces competition from other dealers of the same principal and other automobile brands in Punjab, as well as from the unorganised used-vehicle market, which may limit its growth, pricing power, and profitability.

- **Limited bargaining power with the principal automobile manufacturer:**

DMPL's business model is primarily centered around auto dealerships, which is largely a trading-based model with thin profit margins. Additionally, dealers have limited bargaining power with the principal manufacturer. The product margins are predetermined by the manufacturer, leaving little room for DMPL to generate additional income.

- **Susceptibility to economic cycles, industry downturns, and geographical concentration risk:**

Automobile sales are vulnerable to risks related to economic conditions. Any downturn in economic activity, particularly in the region in which the company operates (Panjab), will likely impact the operating performance. Furthermore, the revenue and profitability are dependent on the growth plans of the principal.

ANALYTICAL APPROACH - Standalone

To arrive at its ratings, BWR has considered the standalone approach and has applied its rating methodology.

RATING SENSITIVITIES

Going forward the company's ability to improve the scale of operations, improve and maintain profitability, the debt servicing capability & liquidity and manage its working capital efficiently will be the key rating sensitivities.

Positive:

- Sustained demand across both the PV and CV segments is driving higher sales volumes, resulting in Total Operating Income (TOI) exceeding Rs 1,500 crore and operating margins sustained above 4%.
- Improvement in TOL/TNW to below 3.5x on a sustained basis.
- Meaningful and sustained improvement in the overall financial risk profile.

Negative :

- Sustained decline in operating margins below 3% on a continuous basis.
- Interest coverage ratio falling below 1.75x.
- Sharp deterioration in revenue and profitability, leading to cash accruals falling below projected levels.

LIQUIDITY INDICATORS - Adequate

The company’s liquidity position remains adequate, supported by sufficient cash accruals in relation to its repayment obligations and a moderate cash balance of Rs. 27.58 crore. Working capital limits were utilised at around 70%, reflecting prudent utilisation levels and supported by a comfortable current ratio. During FY25, the company generated net cash accruals of Rs. 16.21cr. The company is expected to generate net cash accruals in the range of Rs. 18.78cr as against its debt servicing obligation of Rs. 8.00cr for FY 26. The current ratio stood at a moderate 1.18 times in FY25, indicating satisfactory short-term liquidity. Debt protection metrics remained comfortable, with the company’s healthy liquidity position and adequate repayment capacity. Receivable days were maintained at around 22 days, reflecting efficient collection practices. Furthermore, the company’s leverage profile improved, with the Total Debt to Tangible Net Worth ratio strengthening to 0.81 times in FY25, indicating reduced reliance on external borrowings and a more robust capital structure.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

The Company was established as a family concern with Mr Suraj Dada as Managing Director, and Mr Rishi Dada, Director, on 12.8.92. Dada Motors Private Ltd., alias DMPL, was appointed as Tata Motors Ltd.. Dealers by the end of the year 1993. Thereafter, sales turnover and net profits were on the increasing trend. Mr. Shivang Dada S/o Mr Rishi Dada, joined DMPL in the year 2020. Year after year, with the growth of its Principal Tata Motors Ltd., DMPL has expanded its product segments over the years, starting with Commercial Vehicles in 1993 and later introducing Passenger Vehicles in 1998. The company then began distributing Spare Parts for Commercial Vehicles in 2002 and ventured into Small Commercial Vehicles in 2005. In addition to its core segments, Tata Motors also entered the retail fuel market with HPCL Petrol Pump in 2004. A major acquisition came in 2011 with Jaguar & Land Rover Vehicles under JLRIL, and in 2021, Tata Motors extended its reach by entering the machinery market through Tata Hitachi Machines (THCM).

ESG PROFILE

The company demonstrates an adequate ESG profile based on its environmental, social, and governance practices.

Environmental: Environmental risks in trading companies are primarily related to energy use, emissions from logistics and operations, waste generation, water consumption, and compliance with environmental regulations. Key disclosures include energy usage, waste handling, and recycling practices, and any past violations or penalties.

Social: Social factors focus on labour practices, workforce welfare, diversity and inclusion, training and development, and community engagement. Metrics include workforce composition, employee safety and training programs, adherence to labour laws, and initiatives supporting social equity and employee growth.

Governance: Governance assessment emphasises board structure, independence, and expertise, risk management and compliance frameworks, ethical conduct and anti-corruption policies, stakeholder engagement practices, data security and cybersecurity measures, and compliance with trading regulations.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Unit	FY 23	FY 24	FY 25
Result Type		Audited	Audited	Audited
Operating Income	Rs. Crs	817.39	997.52	1247.26
EBITDA	Rs. Crs	23.11	33.06	36.53
PAT	Rs. Crs	7.28	9.84	11.19
Tangible Net Worth	Rs. Crs	44.37	54.21	65.0
Total Debt/Tangible Net Worth	Times	1.01	0.90	0.81
Current Ratio	Times	1.22	1.18	1.18

KEY COVENANTS OF THE FACILITY RATED

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA

Not Applicable

ANY OTHER INFORMATION

No Other Information.

RATING HISTORY FOR THE LAST THREE YEARS (including withdrawal & suspension)

Facilities	Current Rating (2026)			2025		2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	8.78	BWR BBB/Stable (Upgrade)	05Mar2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA
FB SubLimit	LT	(0.44)	BWR BBB/Stable (Upgrade)	05Mar2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA
		(4.96)	BWR BBB/Stable (Upgrade)	05Mar2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA
		(3.95)	BWR BBB/Stable (Upgrade)	05Mar2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA
		(2.28)	BWR BBB/Stable (Upgrade)	05Mar2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA

		(1.78)	BWR BBB/Stable (Upgrade)	05Mar2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA
Fund Based	ST	308.46	BWR A3+ (Upgrade)	05Mar2025	BWR A3 (Assignment)	NA	NA	NA	NA
FB SubLimit	ST	(10.00)	BWR A3+ (Upgrade)	05Mar2025	BWR A3 (Assignment)	NA	NA	NA	NA
		(3.00)	BWR A3+ (Upgrade)	05Mar2025	BWR A3 (Assignment)	NA	NA	NA	NA
		(4.00)	BWR A3+ (Upgrade)	05Mar2025	BWR A3 (Assignment)	NA	NA	NA	NA
Non-Fund Based	ST	0.64	BWR A3+ (Upgrade)	05Mar2025	BWR A3 (Assignment)	NA	NA	NA	NA
Grand Total		317.88	(Rupees Two Hundred Three Crores and Fifty Five lakhs Only)						

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Short Term Debt](#)
- [Trading Companies](#)

Analytical Contacts

Manu CV
Rating Analyst
cv.manu@brickworkratings.com

Ravi Rashmi Dhar
Director - Ratings
ravi.d@brickworkratings.com

1-860-425-2742 | media@brickworkratings.com

Customer Support | CustSupport@brickworkratings.com

DADA Motors Pvt. Ltd.
ANNEXURE-I
Details of Bank Facilities rated by BWR

Name of the Bank	Facilities	Tenure	Amount (Rs. Cr)	Complexity of the Instrument
Bank of Baroda	Electronic Dealer Finance System (e-DFS) - Sanctioned	Short Term	7.50	Simple
Federal Bank	Electronic Dealer Finance System (e-DFS) - Sanctioned	Short Term	10.00	Simple
HDFC Bank	Inventory Funding Facility - Sanctioned	Short Term	20.05	Simple
IndusInd Bank	Channel Finance Facility - Sanctioned	Short Term	30.00	Simple
Kotak Mahindra Bank	Term Loan - Sanctioned	Long Term	8.78	Simple
	Sub-Limit (Term Loan II - LAP) - Sanctioned	Long Term	(0.00)	Simple
	Sub-Limit (Term Loan III - Capex) - Sanctioned	Long Term	(4.33)	Simple
	Sub-Limit (Term Loan IV - WC) - Sanctioned	Long Term	(2.93)	Simple
	Sub-Limit (Term Loan V - WC) - Sanctioned	Long Term	(1.52)	Simple
	Sub-Limit (Term Loan - ECLGS) - Sanctioned	Long Term	(0.44)	Simple
	Working Capital Term Loan - Sanctioned	Short Term	17.64	Simple
	Sub-Limit (Cash Credit) - Sanctioned	Short Term	(10.00)	Simple
	Sub-Limit (Inventory Funding) - Sanctioned	Short Term	(4.00)	Simple
	Sub-Limit (Overdraft) - Sanctioned	Short Term	(3.00)	Simple
	Bank Guarantee - Sanctioned	Short Term	0.64	Simple
Standard Chartered Bank	Electronic Dealer Finance System (e-DFS) - Sanctioned	Short Term	9.00	Simple
State Bank of India (SBI)	Electronic Dealer Finance System (e-DFS) - Sanctioned	Short Term	50.00	Simple
SG Finserv Limited	Line of Credit	Short Term	4.70	Simple
Punjab National Bank	Electronic Dealer Finance System (e-DFS)-Sanctioned	Short Term	15.00	Simple
Axis Bank	inventory Funding Facility – Sanctioned	Short Term	47.57	Simple
Indian Bank	Electronic Dealer Finance System (e-DFS)-Sanctioned	Short Term	17.00	Simple

TATA Capital Financial Services Ltd	Channel Finance Facility - Sanctioned	Short Term	80.00	Simple
TOTAL (Three hundred seventeen crores eighty-eight lakhs only)			317.88	

##BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors' queries can be sent to info@brickworkratings.com.

ANNEXURE-II INSTRUMENT DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE-III List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

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