

## K. P. Automotives Private Limited

March 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	23.31	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category; Outlook revised from Positive
Long Term / Short Term Bank Facilities	5.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category; Outlook revised from Positive
Short Term Bank Facilities	65.75	CARE A4+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

K.P. Automotives Private Limited (KPAPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Rating Ltd.'s ratings on KPAPL's bank facilities will now be denoted as CARE BB+; Stable/ CARE A4+; ISSUER NOT COOPERATING\*.

### Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The reaffirmation in the ratings assigned to the bank facilities of KPAPL takes into account thin profitability margins, leveraged capital structure and moderate debt coverage indicators during FY24 (Audited, refers to period April 2023 to March 2024). The ratings further remain constrained owing to dependence of its performance on the fortunes of its principal i.e. Maruti Suzuki (India) Limited (MSIL) along with inherent competition associated with the automobile dealership industry. The ratings, however, continue to derive strength from moderate scale of operations and adequate liquidity along with vast experience of the promoters in automobile dealership business, long and established relationship with leading Original Equipment Manufacturer (OEM), i.e., MSIL in the Passenger Vehicle (PV) segment.

### Analytical approach: Standalone

### Outlook: Stable

The outlook on the long-term rating of KPAPL has been revised from 'Positive' to 'Stable' considering moderation in capital structure against the expected improvement.

### Detailed description of key rating drivers:

At the time of last rating on April 04, 2024, the following were the rating strengths and weaknesses (updated for the information provided by KPAPL).

### Key weaknesses

#### Thin profit margins

The profitability of KPAPL remained thin mainly on account of trading nature of its business which is inherent to the automobile dealership business. PBILDT margin remained at 2.25% in FY24 and 2.31% in FY23. PAT margin of the company has also remained thin at 0.34% in FY24 and 0.45% in FY23.

#### Leveraged capital structure and moderate debt coverage indicators

The capital structure of KPAPL has remained leveraged over the years with an overall gearing of 3.37 times as on March 31, 2024, as against 2.68 times as on March 31, 2023. The debt coverage indicators of KPAPL deteriorated over the previous year as marked by interest coverage ratio of 1.72 times [PY: 2.12 times] due to increase in finance cost in FY24. Total debt/ GCA remained at 13.83 times [PY: 10.25 times] in the year ended on March 31, 2024.

### Significant dependence of its performance on the fortunes of its principal along with inherent competition associated with the automobile dealership industry

Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market viz MSIL, Tata Motors, Hyundai, Honda, Toyota etc. in the PV segment. OEMs are encouraging more dealerships to improve penetration and sales, thereby increasing competition amongst dealers. Entry of the global players in the Indian market has further intensified the competition, hence, OEMs offer various discount schemes to attract customers. Due to very high competition in the industry,

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

dealers are also forced to pass on discounts and exchange schemes to attract customer as this is a volume driven business. Furthermore, dealers' fate is also linked to the industry scenario and performance of OEMs. KPAPL is dealer of MSIL, and it derives its TOI largely from sale of MSIL's passenger cars. Hence, performance and prospects of KPAPL is highly dependent on MSIL being its principal.

### Key strengths

#### Vast experience of the promoters in the automobile dealership business

Vast experience of the promoters in the automobile dealership business. The overall management of KPAPL is looked after by Mr K.K. Poddar, Managing Director, who has an experience of around one and a half decades in the automobile dealership business. Mr K.K. Poddar is ably supported by his sons Mr Shashank Poddar and Mr Rishi Poddar who have experience of around one and a half decades and one decade respectively in automobile dealership business. They in turn are supported by well qualified and experienced management team.

#### Established track record of operations with long standing association with its principal

KPAPL is engaged in automobile dealership business and has a long-standing association with its principal MSIL since 2000. KPAPL currently operates ten 3S (sales, service, and spares) dealership outlets and four 2S-outlets (services and spare) of MSIL. The company also operates 2 true value (pre-owned car) outlets at Jaipur which are located within the existing showroom premises. The company also operates one NEXA showroom in Jaipur.

#### Moderate scale of operations

KPAPL's scale of operations marked by TOI increased by 16%, during FY24 and remained moderate at Rs.487.90 crore against Rs.419.80 crore in FY23. Further, in 9MFY25 (Provisional) it reported TOI of Rs.368.09 crore.

#### Liquidity: Adequate

KPAPL's liquidity remained adequate as marked by moderate operating cycle and healthy cash and bank balance. The average utilization of KPAPL's working capital borrowings remained moderate at around ~60-70% during the last 12 months period ended in February 2025. KPAPL has unencumbered cash and cash equivalent of Rs.2.03 crore as on March 31, 2024. KPAPL's operating cycle remained moderate and stable at 35 days in FY24 (33 days in FY23). Gross cash accruals remained sufficient at Rs.4.86 crore in FY24 against debt repayment obligations of Rs.3.06 crore arising in FY25.

### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

Jaipur-based K.P. Automotives Private Limited (KPAPL, CIN: U52100RJ2000PTC016745) was incorporated in 2000 by Mr. K.K. Poddar and his son Mr. Shashank Poddar with an objective to commence automobile dealership business. The company was awarded dealership of Maruti Suzuki India Limited for Jaipur, Rajasthan in 2000. The company also operates a Maruti Driving school in Jaipur. The promoters have also promoted Shrerit Auto Pvt. Ltd. which has auto-dealership for Honda two-wheelers in Jaipur since 2007.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
Total operating income	419.80	478.43	368.09
PBILDT	9.72	1.52	NA
PAT	1.89	1.64	NA
Overall gearing (times)	2.68	3.99	NA
Interest coverage (times)	2.12	0.24	NA

A: Audited Prov.: Provisional, NA: Not Available; Note: these are latest available financial results

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

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	18.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	30-11-2026	5.31	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Working Capital Limits		-	-	-	22.50	CARE A4+; ISSUER NOT COOPERATING*
Fund-based - ST-Working Capital Limits		-	-	-	33.25	CARE A4+; ISSUER NOT COOPERATING*
Fund-based - ST-Working Capital Limits		-	-	-	10.00	CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	5.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	18.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Positive (04-Apr-24)	-	1)CARE BB+; Stable (27-Feb-23)	1)CARE BB+; Stable (14-Feb-22)
2	Fund-based - ST-Working Capital Limits	ST	22.50	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A4+ (04-Apr-24)	-	1)CARE A4+ (27-Feb-23)	1)CARE A4+ (14-Feb-22)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	1)CARE BB+; Positive / CARE A4+ (04-Apr-24)	-	1)CARE BB+; Stable / CARE A4+ (27-Feb-23)	1)CARE BB+; Stable / CARE A4+ (14-Feb-22)
4	Fund-based - ST-Working Capital Limits	ST	33.25	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A4+ (04-Apr-24)	-	1)CARE A4+ (27-Feb-23)	1)CARE A4+ (14-Feb-22)
5	Fund-based - ST-Working Capital Limits	ST	10.00	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A4+ (04-Apr-24)	-	1)CARE A4+ (27-Feb-23)	1)CARE A4+ (14-Feb-22)
6	Fund-based - LT-Term Loan	LT	5.31	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Positive (04-Apr-24)	-	1)CARE BB+; Stable (27-Feb-23)	1)CARE BB+; Stable (14-Feb-22)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities-** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Working Capital Limits	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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