Krishiv Auto Agencies Private Limited

June 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	98.25 (Enhanced from 95.61)	CARE BB; Stable	Assigned
Long Term / Short Term Bank Facilities	1.75 (Reduced from 4.39)	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Krishiv Auto Agencies Private Limited (KAAPL) are primarily constrained by its low profitability margins, leveraged capital structure and weak debt coverage indicators. The ratings further remain constrained due to moderate operating cycle and the cyclical nature of the automobile industry coupled with dependency of the company on the fortunes of the principal with whom it has low bargaining power. Additionally, the ratings also factor stretched liquidity profile of the company marked by higher utilization of working capital limits.

However, the ratings derive comfort from the extensive experience of the promoters in the automobile dealership business. The ratings also take into account KAAPL's moderate scale of operations which encompasses diversified revenue stream.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the scale of operations to ₹600 crore on a sustained basis.
- Improvement in Profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin to above 3.50% on a sustained basis.
- Strengthening of capital structure with improvement in overall gearing to below 2.00x on a sustained basis.

Negative factors

- Deterioration in overall gearing to above 3.50x on a sustained basis.
- Decline in PBILDT margin to below 2.00% on a sustained basis.
- Further reduction in working capital limits resulting in deterioration in liquidity marked by instances of continuous fully utilised working capital limits.
- Elongation of operating cycle to above 60 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects expectation of continued benefit from its experienced promoters in the auto dealership business.

Detailed description of key rating drivers:

Key weaknesses

Low profitability margins associated with the nature of business

KAAPL's profitability margins remain low, inherent to the nature of the auto dealership business, which is characterized by thin margins and high competition. The company reported a low although stable PBILDT margin of 2.60% in FY24, broadly in line with the previous year, supported by stable input costs. However, profitability for FY25 is expected to moderate owing to a decline in average realizations across all MG models due to pricing pressure emanating from intense competition. Nonetheless, going forward, the upcoming launch of premium models under the MG Select brand is expected to contribute positively to the profitability through higher realizations and better positioning in the premium segment.

Leveraged capital structure and weak debt coverage indicators

The capital structure of KAAPL remains leveraged, with an overall gearing of 3.17x as on March 31, 2024, marginally higher than 3.09x as on March 31, 2023, primarily due to the company's continued high reliance on working capital borrowings, which constituted ₹73.68 crore out of the total debt of ₹83.06 crore as on March 31, 2024. The high debt levels coupled with thin profitability margins have resulted in weak debt coverage indicators as reflected in an interest coverage ratio of 1.64x and a weak

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

total debt to gross cash accrual of 16.33x in FY24, deteriorating from 2.92x and 11.35x respectively in FY23. Going ahead, the company's ability to improve its capital structure and strengthen debt coverage indicators through better profitability and prudent working capital management will be crucial from a credit perspective.

Moderate operating cycle

The operations of KAAPL are working capital intensive, marked by a moderate operating cycle of 48 days in FY24, as against 34 days in FY23. The elongation was primarily due to a higher inventory holding period in FY24 of 40 days (PY: 28 days) and an increase in receivable period to 17 days (PY: 12 days). The company maintains a wide inventory of vehicles and spares to ensure availability across models, leading to higher inventory days. Additionally, approximately 50% of the vehicles are sold through finance, while the remaining are cash sales. While token advances are collected at the time of booking, the billing is aligned with Original Equipment Manufacturer's (OEM) scheme timelines, and deliveries are often scheduled based on customer preference, contributing to higher receivable days. Nevertheless, full payment is received prior to delivery, mitigating significant credit risk. The working capital requirements are largely met through bank limits, which have remained almost fully utilized (more than ~95%) over the past 12-month period ending April 2025.

Limited bargaining power with the principals

KAAPL's business model is largely in the nature of trading wherein profitability margins are very thin. Moreover, auto dealers have low bargaining power over their principals. The margin on products is set at a particular level by the principal manufacturer, thereby restricting the company to earn incremental income. Further, the fortunes of auto dealers rest on the performance of the principals and the acceptability of their products in the market. Hence, performance and prospects of KAAPL is highly dependent on the fortunes of JSW MG Motor India Pvt Ltd (JSWMG).

Inherent competition and cyclical nature of the auto industry

The automobile dealership industry is characterized by low entry barriers in terms of capital and technology, resulting in intense competition from both existing and new dealers, including those of other OEMs. To retain and grow market share, dealers like KAAPL often resort to offering discounts and promotional schemes, which exerts pressure on profit margins. Furthermore, the company remains exposed to the cyclical nature of the auto industry, which is inherently linked to macroeconomic factors such as interest rates, fuel prices, and consumer sentiment. Nevertheless, KAAPL benefits to some extent from its established customer base and regional presence, which supports business stability amid competition.

Key strengths

Experienced promoters

KAAPL is part of the Gautam Modi Group, which has been present in the automobile dealership industry since early 2000s and operates four other dealerships across brands such as Kia, Mahindra, Hyundai, and Audi, with Hyundai and Audi being the longest established.

The operations of KAAPL are managed by Mr. Gautam Modi, who has an experience of over two decades in the automobile dealership segment and oversees the finance and accounting functions of the company. He is supported by his daughter, Ms. Nidhi Modi, who is the Managing Director of group company Krishiv Motors Private Limited (Audi dealership) and also oversees the overall business operations of KAAPL. The long-standing industry presence and experience of the promoters are expected to support KAAPL's operational performance going forward.

Moderate scale of operations

KAAPL has reported a compounded annual growth rate (CAGR) of 16.32% in total operating income (TOI) over the past five years ending FY25. However, the company's TOI declined to ₹493.52 crore in FY25 from ₹532.34 crore in FY24, primarily due to a decline in overall sales volume as well as sales realization per unit due to change in models sold. Further, diversification in revenue is present with KAAPL operating under 3S model (Sales, Spares, and Service). It derives revenue primarily from the sale of new cars followed by sale of used cars, spare parts, servicing and incentives and commission among others. This diversified revenue stream provides some cushion against demand fluctuations in any single segment.

Going forward, the scale is expected to improve from current levels as KAAPL has planned to enter the premium automobile segment under the newly launched MG Select brand in FY26, with launching high end new models under sports car and limousine segment.

Liquidity: Stretched

The liquidity position of the company remained stretched characterized by high utilization of working capital limits, with modest cash flow from operations at ₹2.48 crore in FY24. The bank limits of ₹80 crores (₹86 crore till January 2025) were utilized with average maximum limits at 97.51% over the 12 months ending March 2025 with instances of availing ad-hoc limits in multiple months. Further, cash accruals are expected to remain tightly matched to meet its debt repayment obligation. However, the unencumbered cash and bank balance stood at around ₹2.49 crore as on March 31, 2024. Additionally, as of March 31, 2024, the current ratio remained weak at 1.02x, while the quick ratio was 0.44x.

Applicable criteria

[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

KAAPL is a private limited company incorporated on November 01, 2015, by Gautam Modi and Bhakti Modi. It is part of the Gautam Modi Group. KAAPL has its office in Mumbai, Maharashtra. The company commenced operations in FY20 when MG entered the Mumbai market and is KAAPL is the authorised dealer partner for JSW MG Motor India Pvt Ltd (JSWMG). The Gautam Modi Group includes five auto agencies: MG (under KAAPL), Kia, Mahindra & Mahindra, Audi, and Hyundai. The group has been in existence since early 2000s. KAAPL's main business involves 3s i.e., Sale of new cars, Spares, and Servicing of cars. Moreover, it also deals in used cars. The company operates with four showrooms and three service centers in Mumbai, located in Jogeshwari, Malad, Prabhadevi, and Vasai (the Vasai location does not have a service centre). Since its inception, KAAPL has delivered more than 10,000 MG cars across the Mumbai region. The operations of KAAPL are managed by Ms. Nidhi Modi, elder daughter of Mr. Gautam Modi, while Mr. Gautam Modi oversees finance and accounting.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	462.57	533.41	493.52
PBILDT	11.53	13.86	NA
PAT	5.08	3.50	NA
Overall gearing (times)	3.09	3.17	NA
Interest coverage (times)	2.92	1.64	NA

A: Audited UA: Unaudited; 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-Electronic Dealer Financing Scheme		-	-	-	82.00	CARE BB; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	1.75*	CARE BB; Stable / CARE A4
Term Loan-Long Term		-	-	August 2031	16.25	CARE BB; Stable

*Proposed

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 2025-2026	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
1	Term Loan-Long Term	LT	16.25	CARE BB; Stable				
2	Fund-based - LT-Electronic Dealer Financing Scheme	LT	82.00	CARE BB; Stable				
3	Fund-based/Non-fund-based-LT/ST	LT/ST	1.75*	CARE BB; Stable / CARE A4				

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Electronic Dealer Financing Scheme	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Term Loan-Long Term	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 for clarifications.

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