

Abikiran Cars Private Limited

June 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	7.56	CARE BB; Stable	Assigned
Long-term / Short-term bank facilities	25.00	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Abikiran Cars Private Limited (ACPL) are constrained by moderate scale and limited track record of operations, and moderate capital structure and debt protection metrics. Ratings are further constrained by increased exposure to group companies, inherently cyclical auto industry, intense competition from other original equipment manufacturer (OEM) dealers, and dependence on performance of the principal. Ratings derive strength resourcefulness and vast experience of promoters with regular funding support, and satisfactory profit margins, which improved over the years.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to improve scale of operations with total operating income (TOI) above ₹250.0 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 2.5% on a sustained basis.
- Ability to improve total debt to gross cash accruals (TD/GCA) below 10.0x.
- Improvement in interest coverage with PBILDT/Interest above 2x.

Negative factors

- Decline in TOI below ₹80 crore.
- Moderation in overall gearing above 3.5x on a sustained basis.
- Further exposure to group companies impacting the liquidity profile.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation of the company's ability to sustain its operational performances aided by vast experience of its promoters and its recently associated principal Hyundai Motors India Limited (HMIL).

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations, despite growing over the years

The scale of operations is relatively moderate owing to nascent stage of operations. TOI stood at ₹141.63 crore in FY25 (PY: ₹142.00 crore) despite growing at a compound annual growth rate (CAGR) of 25.64% for three years ended FY25. The revenue profile is also geographically concentrated with all three showrooms in and around Coimbatore.

Moderate capital structure and debt protection metrics

The capital structure stood moderate with overall gearing at 2.84x as on March 31, 2025, due to high working capital borrowings in the form of inventory funding and loan against deposits. Debt protection metrics also stood moderate with TD/GCA at 15.36x as on March 31, 2025 against 10.36x as on March 31, 2024.

Exposure to group companies

ACPL extended loan and advances to one of its group companies. As on March 31, 2025, loans and advances aggregating to ₹16.62 crore against ₹13.04 crore as on March 31, 2024. Interest income stood at ₹1.02 crore in FY25. ACPL has made equity

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

investment in another group companies, which stood at ₹6.90 crore as on March 31, 2025. The total exposure in form of loans and advances and investments together amounts to ₹23.52 crore, which is more than the networth of the company. Any incremental exposure to group companies constitutes a key monitorable parameter.

Performance susceptible to intense competition in the domestic passenger vehicle (PV) industry

The automobile industry is highly competitive, with major players including Maruti Suzuki, HMIL, M&M and Tata Motors frequently introducing new models with advanced features at competitive prices, influencing consumer preferences. To maintain market presence, HMIL has expand their dealership networks, which increases intra-brand competition. Low entry barriers in dealership operations further intensify this competition. Dealerships face revenue challenges due to sudden shifts in consumer interest toward new offerings from other OEMs.

Dependence on performance of the principal

ACPL's performance is directly linked to the performance of its principal, HMIL. HMIL's performance relatively improved in the last few years with new models introduced in the automobile market. In FY25, HMIL reported moderate growth, which had a direct impact on ACPL's performance. Regular launch of new models and upgrading existing models from HMIL is necessary for its dealers such as ACPL to maintain stable operational performance.

Key strengths

Experienced promoters with demonstrated funding support

The company is promoted by Raajashekar and his wife Uma Sekar. Raajashekar has over three decades of experience in trading, auto dealership and service sector. Uma Sekar has nearly three decades of experience in trading and textile sectors. She is one of the daughters of K.P. Ramasamy, who is the promoter of K.P.R. Mills Limited (KPR, rated 'CARE AA+; Stable / CARE A1+'). She is also the Managing Director of Avaneetha Textile Private Limited (ATPL, rated CARE BBB+; Stable/ CARE A2), engaged in manufacturing and trading yarn. Promoters demonstrated consistent financial support through unsecured loans, which stood at ₹11.83 crore as on March 31, 2025 (PY: ₹11.33 crore), for working capital requirements. Of the total unsecured loan from promoters, ₹11.33 crore is subordinated to bank borrowings and treated as quasi equity.

Satisfactory profitability margins

The company's PBILDT margin stood relatively satisfactory, improving from 2.41% in FY23 to 4.50% in FY25, being able to ramp up operations with better contribution from high end vehicle models. The interest coverage also remained comfortable at 1.48x in FY25.

Liquidity: Stretched

ACPL's liquidity position remains stretched marked by tightly matched accruals against repayment obligations of ₹2.45 crore in FY26. Operating cycle stood stretched in FY25 at 58 days (PY: 39 days) considering increased inventory days. The inventory days increased from 30 days in FY24 to 40 days in FY25. As on date, the company has been sanctioned with working capital of ₹25.0 crore of dealership funding and ₹7.0 crore of overdraft against property. Average working capital utilisation stood ~90% for 12 months ending May 2025. As of March 31, 2025, RMPL had a low cash and bank balance of ~₹0.21 crore. The current ratio was 0.68x, as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
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Consumer discretionary	Automobile and auto components	Automobiles	Auto dealer
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ACPL was incorporated on October 14, 2020. The company is promoted by Periyaswamy Raajashekhar and Uma Sekar. It is engaged in HMIL dealership of PVs. ACPL has three showrooms and two service centres.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	106.70	142.00	141.63
PBILDT	2.57	4.66	6.37
PAT	(0.01)	0.67	1.68
Overall gearing (times)	33.38	2.52	2.84
Interest coverage (times)	1.68	1.77	1.48

A: Audited UA: Unaudited; 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-Term Loan		-	-	May 2032	7.56	CARE BB; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	25.00	CARE BB; Stable / CARE A4

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	Fund-based - LT/ ST-Working Capital Limits	LT/ST	25.00	CARE BB; Stable / CARE A4				
2	Fund-based - LT-Term Loan	LT	7.56	CARE BB; Stable				

LT: Long 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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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