

Om Metals Auto Private Limited

July 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	6.00	CARE BB+; Stable	Assigned
Long Term / Short Term Bank Facilities	76.75 (Enhanced from 66.55)	CARE BB+; Stable / CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of Om Metals Auto Private Limited (OMAPL) is constrained by low profitability margins, primarily due to promotional schemes and aggressive discounting strategies on account of inventory push by the principal supplier, which have led to weakened debt coverage metrics and a stretched liquidity position. The ratings also factor in OMAPL's limited bargaining leverage with its principal automobile manufacturer, as well as the inherently competitive and cyclical nature of the automotive industry. However, the ratings continue to derive strength from experienced promoters & long-standing relationship with a leading Original Equipment Manufacturer (OEM) i.e. Toyota Kirloskar Motor Private Limited and sustained growth in scale of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations with improvement in Profit Before Interest, Depreciation, Taxes (PBILDT) margin above 2.75%.
- Improvement in capital structure marked by overall gearing ratio below 1.50x on sustained basis.
- Improvement in the liquidity position of the company marked by reduction in the gross current asset days below 50 days on sustained basis

Negative factors

- Sustained decline in company's scale of operations with moderation in PBILDT margin below 1.5% on a sustained basis.
- Deterioration in capital structure marked by overall gearing ratio above 2.5x on a sustained basis.
- Further elongation of company's inventory days beyond 45 days resulting in further weakening of liquidity position.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook indicates that the company is expected to benefit from its experienced promoters & long-standing relationship with a leading Original Equipment Manufacturer (OEM) i.e. Toyota Kirloskar Motor Private Limited.

Detailed description of key rating drivers:

Key weaknesses

Stretch in liquidity position of the company due to inventory push by the principal supplier:

The liquidity profile of the company is stretched on account of inventory push by the principal supplier during FY25 (refers to the period April 01 to March 31). The average inventory holding period increased to 32 days during FY25 as compared to 20 days in FY24. The same resulted in higher reliance on bank debt to manage the increased working capital requirements. The stretched liquidity is also reflected by instances of overdrawing in working capital limits which were regularised within 7 days.

Going forward, the company's ability to manage its inventory holding position and reduce its reliance on external debt to manage its working capital requirements shall remain key monitorable.

Declining profitability margins:

The company has to offer various promotional schemes to maintain its market presence and to meet the increasing sales targets from principal supplier, which has led to sustained decline in profitability margins. As a result, the company's PBILDT and Profit after tax (PAT) margins decreased to 1.73% and 0.23%, respectively, in FY25, compared to 2.96% and 1.27% in FY24 (refers to the period April 01 to March 31).

Going forward, the company's ability to improve profitability margins by controlling their selling expenses, shall remain a key monitorable.

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

Moderate financial risk profile:

The company's overall gearing & Total Debt to PBILDT ratio moderated and stood at 2.09x & 6.96x as on March 31, 2025, respectively; as against 1.43x & 3.27x, respectively as on March 31, 2024. Such moderation is mainly due to increased utilization of working capital limits to support the growing scale of operations and higher inventory requirements. Further, the decline in profitability of the company also impacted the debt coverage metrics. Furthermore, the interest coverage ratio moderated to 1.55x in FY25 (PY: 5.23x).

Owing to increasing working capital borrowings, CareEdge Ratings expects company to maintain its moderate financial risk profile over near to medium term. The company's ability to improve financial risk profile while managing its working capital requirements & improving profitability would remain a key monitorable from credit perspective.

Limited bargaining power with principal automobile manufacturer:

OMAPL's business model (i.e. auto dealership) is largely in the nature of trading wherein the profitability margins are low. Moreover, the dealers have low bargaining power over their principal manufacturers. In order to capture the market share, the auto dealers offer better buying terms like allowing discounts on purchases, free accessories or insurance, etc. which create margin pressure for the dealers.

Intense competition and cyclical nature of the auto industry:

OMAPL is exposed to competition from the products of other OEMs and dealers operating in the same region. Accordingly, company has to resort to offering better buying terms like allowing discounts to capture the market share. Such discounts create margin pressure and negatively impact the earning capacity of the company. Furthermore, the auto industry is inherently vulnerable to the economic cycles and is highly sensitive to the interest rates and fuel prices. The company thus faces significant risks associated with such cyclical nature of the auto industry.

Key strengths**Sustained growth in scale of operations:**

The company's scale of operations has demonstrated sustained growth, with a compounded annual growth rate (CAGR) of approximately 32% between FY21 and FY25. Promotional offers have contributed to a year-on-year revenue increase of around 22%, reaching Rs. 523.98 crore in FY25, up from Rs. 429.66 crore the previous year. These promotional discounts have helped the company to maintain a strong market position in the region.

Going forward, the company's ability to sustain this growth trend shall remain a key monitorable.

Experienced Promoters:

OMAPL is promoted by Mr. Vikas Kothari, Mr. Bahubali Kothari and Mr. Vivek Kothari having presence in automobile dealership with business for more than two decades. The company has long-standing relationship with a leading Original Equipment Manufacturer (OEM) i.e. Toyota Kirloskar Motor Private Limited.

Liquidity: Stretched

The company is expected to achieve gross cash accruals of approximately ₹5.78 crore for FY26, as against scheduled debt repayments of ₹4.42 crore. The average maximum utilization of fund-based working capital limits has remained high at around 90% over the 12 months ending April 2025, providing limited cushion in scenarios of fund flow mismatches. Further, there were instances of overdrawing of working capital limits during the past 12 months. However, all such overdrawing instance were regularised maximum within 7 days. Further, the company has free cash and bank balance to the tune of Rs. 5.37 crore as on March 31, 2025. The company has no major capital expenditure plans over the next 12 months.

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](#)

[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

Incorporated in 2004, OMAPL is an authorized dealer of Toyota Kirloskar Motor Private Limited (TKMPL) and was promoted by Mr. Vikas Kothari, Mr. Bahubali Kothari and Mr. Vivek Kothari. OMAPL derives its revenue from vehicle sales and servicing and sale of spare parts. OMAPL has seven showrooms three in Jaipur and one each in Sikar, Kota, Ajmer and Jhunjhunu in Rajasthan along with 9 offices and 1 stockyard at various towns & cities in the state of Rajasthan.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	429.66	523.98
PBILDT	12.73	9.08
PAT	5.44	1.23
Overall gearing (times)	1.43	2.09
Interest coverage (times)	5.23	1.55

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	30-04-2027	6.00	CARE BB+; Stable
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	76.75	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			
		T Y P E	Amount Out-standing (₹ 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	76.75	CARE BB+; Stable / CARE A4+	1)CARE BB+; Stable / CARE A4+ (23-Jun-25)	1)CARE BBB-; Stable / CARE A3 (05-Aug-24)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (28-Aug-23)	1)CARE BBB-; Stable / CARE A3 (04-Aug-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (05-Aug-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (28-Aug-23)	1)CARE BBB-; Stable (04-Aug-22)
3	Fund-based - LT-Term Loan	LT	6.00	CARE BB+; Stable	-	-	-	-

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

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 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.

Contact us

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