

K. P. Automotives Private Limited

July 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.21 (Reduced from 23.31)	CARE BB; Stable	Rating removed from ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable
Long Term / Short Term Bank Facilities	5.50	CARE BB; Stable / CARE A4	Rating removed from ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable / CARE A4+
Short Term Bank Facilities	64.50 (Reduced from 65.75)	CARE A4	Rating removed from ISSUER NOT COOPERATING category and Downgraded from CARE A4+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

In the absence of receipt of surveillance fees, in line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) had placed the ratings of bank facilities of K.P. Automotives Private Limited (KPAPL) into 'ISSUER NOT COOPERATING'. However, the entity has now paid the annual surveillance fees. Hence, CARE Edge Ratings has carried out a full review of the ratings and the ratings stand at 'CARE BB; Stable/ CARE A4'.

The revision in the ratings assigned to KPAPL factors a below-average capital structure and weakening of liquidity profile of the company on account of inventory push by the principal supplier Maruti Suzuki India Limited (MSIL) during FY25 (Provisional, refers to period April 2024 to March 2025). The ratings further remained constrained owing to thin profitability margins and moderate debt coverage indicators. Further, it also factors significant dependence of its performance on the fortunes of its principal along with inherent competition associated with the automobile dealership industry.

The ratings, however, continue to derive strength from moderate scale of operations 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.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustaining current scale of operations over Rs.400 crore while improvement in profit before interest, lease rental, depreciation and tax (PBILDT) margin above 3.5%.
- Improvement in capital structure marked by overall gearing of below 3.5x on sustained basis.

Negative factors

- Elongation in operating cycle above 60 days.
- Any further deterioration in capital structure due to increased dependence on working capital borrowing from present level on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that KPAPL will continue to benefit over the medium term from its longstanding relationships with principal (Maruti Suzuki India Limited – MSIL) and experience of the management to mitigate the inherent risk in competitive trading business.

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

Detailed description of key rating drivers:

Key weaknesses

Thin profit margins

The profitability of KPAPL remained thin and range bound mainly on account of trading nature of its business which is inherent to the automobile dealership business. PBILDT margin remained at 2.31% in FY25 and 2.25% in FY24. Further, consequent to higher interest costs, PAT margin of the company remained thin at 0.13% in FY25 and 0.34% in FY24. In absolute terms, PAT remained low at Rs.0.61 crore with reported degrowth of ~63% in FY25. This decline is primarily due to an increase in finance costs to Rs.7.53 crore in FY25 from Rs.6.40 crore in FY24, attributed to higher utilization of working capital limits to fund the inventory push by its principal MSIL.

Leveraged capital structure and moderate debt coverage indicators

Capital structure as marked by an overall gearing deteriorated and remained leveraged at 5.22x in FY25 (3.99x in FY24) mainly due to higher utilization of working capital bank borrowings. Total debt increased to Rs.94.18 crore as on March 31, 2025 as against Rs.69.66 crore as on March 31, 2024. However, it includes unsecured loans from promoters and related parties of Rs.12.36 crores as on March 31, 2025. Total outside liabilities to tangible net-worth (TOL/TNW) ratio remained at 5-6 times in past two years ended March 31, 2025. The debt coverage indicators as marked by Total debt/ GCA reached to 24.10 times in FY25 [PY: 14.34 times]. Interest coverage ratio also remained moderate at 1.47x in FY25 (1.72x in FY24).

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, 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

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 two Arena showrooms, ten 3-s (Sales, Service and Spares) outlets, four 2s outlets, one NEXA showroom, two True value outlets and two recently added Nexa studios. 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 remained at Rs.479.04 crore during FY25 in line with previous year TOI of Rs.487.90 crore. The marginal decline in TOI is due to decrease in number of cars sold which remained at 7602 in FY25 vis-à-vis 8217 cars sold in FY24 due to intensive competition from dealers with same principal as well as other.

Liquidity: Stretched

Liquidity position remained stretched as marked by higher utilization of working capital limits of around 80-90% during past twelve months ended May 2025. The elevated levels of working capital debt led KPAPL with limited capacity to meet additional working capital needs if required. Gross cash accruals (GCA) remained tightly matched at Rs.3.91 crore in FY25 as against term debt repayment obligations of Rs.3.60 Crore arising in FY26. However, company's liquidity profile is supported by cash and bank balance of Rs.2.44 crore as on March 31, 2025. The operating cycle elongated from 35 days in FY24 to 50 days in FY25 mainly due to increase in the inventory level owing to increase in number of cars as well as cost of cars. The inventories remained at Rs.49.28 crore as on March 31, 2025 (Rs.33.74 crore as on March 31, 2024). Consequently, cash flow from operations continue

to remain negative at Rs.17.68 crore in FY25 (Rs.14.98 crore in FY24). Current and quick ratio remained at 1.04x and 0.49x respectively as on March 31, 2025.

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

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, 2024 (A)	March 31, 2025 (UA)
Total operating income	487.90	479.04
PBILDT	10.98	11.09
PAT	1.64	0.61
Overall gearing (times)	3.99	5.22
Interest coverage (times)	1.72	1.47

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-Cash Credit		-	-	-	18.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	30-11-2026	2.21	CARE BB; Stable
Fund-based - ST-Working Capital Limits		-	-	-	22.50	CARE A4
Fund-based - ST-Working Capital Limits		-	-	-	32.00	CARE A4
Fund-based - ST-Working Capital Limits		-	-	-	10.00	CARE A4
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	5.50	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-Cash Credit	LT	18.00	CARE BB; Stable	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE BB+; Positive (04-Apr-24)	-	1)CARE BB+; Stable (27-Feb-23)
2	Fund-based - ST-Working Capital Limits	ST	22.50	CARE A4	-	1)CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE A4+ (04-Apr-24)	-	1)CARE A4+ (27-Feb-23)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.50	CARE BB; Stable / CARE A4	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE BB+; Positive / CARE A4+ (04-Apr-24)	-	1)CARE BB+; Stable / CARE A4+ (27-Feb-23)
4	Fund-based - ST-Working Capital Limits	ST	32.00	CARE A4	-	1)CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE A4+ (04-Apr-24)	-	1)CARE A4+ (27-Feb-23)
5	Fund-based - ST-Working Capital Limits	ST	10.00	CARE A4	-	1)CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE A4+ (04-Apr-24)	-	1)CARE A4+ (27-Feb-23)
6	Fund-based - LT-Term Loan	LT	2.21	CARE BB; Stable	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Mar-25)	-	1)CARE BB+; Stable (27-Feb-23)

						2)CARE BB+; Positive (04-Apr-24)		
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*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 for clarifications.

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