

Konduskar Auto Centre Private Limited

August 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.35	CARE BB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	47.00	CARE BB; Stable / CARE A4	LT rating reaffirmed and ST rating assigned
Short Term Bank Facilities	0.85	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Konduskar Auto Centre Private Limited (KACPL) continue to remain constrained on account of modest scale of operations and thin profitability margins. Further, the ratings are constrained owing to cyclical nature of the industry, intense competition, geographical concentration risk and linkage to the fortunes of the Original Equipment Manufacturer (OEM), Kia India Private Limited (Kia). The ratings, however, derive comfort from experienced promoters and KACPL's diversified revenue stream. The ratings further derive strength from moderate capital structure and debt coverage indicators and satisfactory operating cycle.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above Rs. 300 crore with sustained operating margin above 3%
- Improvement in the capital structure marked by overall gearing below unity on sustained basis.

Negative factors

- Deterioration in PBILDT margin below 2.50% on a sustained basis.
- Elongation of operating cycle beyond 50 days on a sustained basis.
- Deterioration in capital structure marked by overall gearing above 3 times on sustained basis.

Analytical approach: Standalone

Outlook: Stable

'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the company will continue to benefit from the experience of the promoters and shall sustain its financial risk profile over the medium term.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

KACPL's total operating income (TOI) improved by ~18% y-o-y from ₹166.96 crore in FY24 (refers to April 01 to March 31) to ₹196.72 crore in FY25, driven by increased sales volume, supported by the launch of a new 3S (sale, service and spare) facility showroom at Ratnagiri and new model launches by Kia. Additionally, revenue from spare parts and service segment has also improved by over 50% during FY25 and is expected to remain stable going forward.

Thin profitability margins associated with auto dealership business

KACPL's profitability continued to remain thin because of the inherent nature associated in dealership operations. The margins are low due to intense competition in the industry resulting in discounts and exchange schemes to attract customers and capture market share. KACPL has limited negotiating power with the principal and has no control over the selling price of vehicle as the same is fixed by Kia. However, the same is partially offset by higher margins in spares and accessories. The company reported PBILDT margin of 3.09% in FY25 compared to 3.71% in FY24, primarily due to initial expenses towards newly established Ratnagiri showroom, as well as increased discounts and festive offers. KACPL's PAT margin stood at 1.33% in FY25 compared to 1.03% in FY24.

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

Geographical concentration risk

The company's scale of operations remains constrained due to its limited geographical presence. The company has a dealership of Kia only in the state of Maharashtra (only in Kolhapur, Ratnagiri and Sangli) leading to geographical concentration risk. As a result, the company does not get benefit from economies of scale and during financial stress it may impact the financial flexibility of the company.

Cyclical nature of auto industry

The auto industry is inherently vulnerable to economic cycles, industrial growth, investments in infrastructure and regulatory changes (emission norms, scrappage policy). The auto industry is also highly sensitive to interest rates and fuel prices. A hike in interest rate increases the costs associated with the purchase leading to purchase deferral. The fuel prices have a direct impact on running costs of the vehicle and any hike in the same would lead to reduced disposable income of consumers, influencing the purchase decision. The firm thus faces significant risks associated with dynamics of the auto industry.

Intense competition in the industry

Indian automobile industry is highly competitive in nature with large numbers of players operating in the passenger vehicle segment. OEMs are also encouraging more dealerships to improve penetration and sales, thereby increasing competition. The entry barriers in the dealership business in terms of investment in set up and technology is low. Therefore, emergence of new dealers is very imminent and the competition it faces from existing dealers of other OEM's is very intense. To offset the same, dealers must come up with extra discounts, which creates margin pressure and negatively impact the earnings capacity of the firm. Also, launch of different variants of products at competitive prices from other OEM's pose significant threat to the survival because of drop in sales over change in customer preference from one OEM to another.

Key strengths**Extensive experience of promoters in auto dealership business**

KACPL is promoted by the Konduskar family. The company is currently run and managed by its promoters, Deepak Konduskar and his son, Rohit Konduskar. Both the directors are graduates and have an experience of over a decade in the automobile industry through their association with this company and earlier group entities engaged in similar business. The directors are supported by a qualified team of professionals with significant experience in their respective fields.

Diversified revenue stream

KACPL operates on a 3S (Sales, Spares and Services) model. During FY25, the company generated 84.49% of its total operating income from new car sales, 5.60% from spare parts and accessories sales, 3.57% from services and remaining 6.33% from incentives, commission, and other income. By offering all services in a single place, the company has effectively attracted numerous customers.

Moderate capital structure and debt coverage indicators

The capital structure of KAPCL continued to remain moderate marked by overall gearing of 1.72x (PY: 2.52x) with a modest net worth base of Rs.18.41 crore as on March 31, 2025. The improvement was primarily due to repayment of term loan and moderate utilization of working capital limits. Company undertook an additional term loan of Rs.3.90 crore which was partially disbursed in FY25, for funding the construction of 2S facility workshop at Kolhapur. The capital structure is expected to remain moderate going forward.

Debt coverage indicators continued to remain moderate marked by TDGCA of 7.89x (PY: 10.53x) as on March 31, 2025. Further due to higher interest cost during FY25, Interest coverage indicator (PBILDT/interest) of the company deteriorated and stood moderate at 1.77x (PY: 2.44x).

Satisfactory working capital cycle

The operating cycle of the company stood satisfactory at 35 days in FY25 compared to 44 days in FY24 supported by reduction in inventory during year end. Most of the sales are made to the customers on Cash and Carry basis with 25% of vehicles bought on vehicle financing from banks. Further, on account of the low bargaining with its principal, the company receives shorter credit period, and immediate payment is to be made which results in average creditor period of around 1-2 days. However, on the other hand, the company is required to stock different models of vehicles and spares in their showrooms to ensure adequate availability and visibility, resulting in inventory holding of 34 days in FY25 compared to 43 days in FY24.

Liquidity: Adequate

The liquidity position of the company remained stretched marked by expected annual Gross Cash Accruals of around Rs.4-5 crore against the annual principal repayment of ~Rs.2 crores in FY26. Net cash flow from operations remained positive at Rs.12.32 crore for FY25 (negative Rs.0.26 crore during FY24). As on March 31, 2025, KACPL had free cash and bank balance of ₹0.50 crore. Unutilized bank lines and availability of sanctioned ad-hoc limits are adequate to meet its incremental working capital needs.

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

Konduskar Auto Centre Private Limited (KACPL) was incorporated in September 2018 by Mr. Deepak Konduskar and his son, Mr. Rohit Konduskar. KACPL operates as an authorized dealer of Kia India Private Limited, focusing on the sale of passenger cars, servicing, and the sale of spare parts through its 3S facility showrooms situated in Kolhapur, Ratnagiri and Sangli, Maharashtra.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	166.96	196.72
PBILDT	6.20	6.07
PAT	1.72	2.61
Overall gearing (times)	2.52	1.72
Interest coverage (times)	2.44	1.77

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		-	-	31/12/2031	10.35	CARE BB; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	47.00	CARE BB; Stable / CARE A4
Non-fund-based - ST-Bank Guarantee		-	-	-	0.85	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-Term Loan	LT	10.35	CARE BB; Stable	-	1)CARE BB; Stable (16-Dec-24)	1)CARE BB; Stable (18-Mar-24)	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	47.00	CARE BB; Stable / CARE A4	-	1)CARE BB; Stable (16-Dec-24)	1)CARE BB; Stable (18-Mar-24)	-
3	Non-fund-based - ST-Bank Guarantee	ST	0.85	CARE A4	-	1)CARE A4 (16-Dec-24)	1)CARE A4 (18-Mar-24)	-

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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - 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.

Contact us

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About us:

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