

## Pramukh Automotive Private Limited

September 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	2.10	CARE B+; Stable	Upgraded from CARE B; Stable
Short Term Bank Facilities	67.90	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Pramukh Automotive Private Limited (PAPL) factors in improvement in the capital structure and debt coverage indicators during FY25 (refers the period from April 01 to March 31).

Ratings continue to remain constrained on account of thin profitability due to trading nature of business, stretched liquidity, presence in the inherently cyclical auto-mobile industry, competitive industry landscape and linkages of its growth prospect to the fortunes of its original equipment manufacturer (OEM) i.e. Tata Motors Ltd (TML).

Ratings, however, continue to derive strength from the experienced promoters in the automobile dealership business, long track record of association with TML and growing scale of operations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Volume backed growth in the scale of operation while maintaining profit before interest, lease, depreciation and tax (PBILDT) margin of 2.5x or above on sustained basis.
- Improvement in capital structure marked by overall gearing below 3.5x on sustained basis.
- Improvement in liquidity with lower reliance on external borrowing.

#### Negative factors

- Decline in scale of operations with total operating income (TOI) below ₹200 crore coupled with dip in PBILDT margin below 1.50%.
- Deterioration in capital structure beyond 4.5x on sustained basis.
- Debt Service Coverage ratio (DSCR) below 1.10x on sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings believes that the PAPL will continue benefit from experience of the promoters in the auto dealership business along with its long-term association with TML.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Improved albeit moderate capital structure and debt coverage indicators

The capital structure of PAPL, marked by overall gearing, improved from 6.18x as on March 31, 2024, to 4.25x as on March 31, 2025, mainly on account of lower working capital utilization. Despite improvement, capital structure remained moderate on account of comparatively higher debt of ₹54.86 crore as against tangible net-worth base of ₹13.68 crore as on March 31, 2025. PAPL's debt coverage indicators continued to remain moderate marked by PBILDT interest coverage and total debt to gross cash accruals (TDGCA) of 1.84x (FY24: 1.81x) and 13.92x (FY24: 18.56x), respectively, in FY25.

##### Moderate scale of operation and thin profitability margins

The company's TOI declined by ~10% year-on-year to ₹396.45 crore in FY25 (FY24: ₹438.59 crore), primarily due to ~9% dip in sales volumes. PAPL earns around 85-90% of its TOI from car sales and balance from sale of spares and service among others. The PBILTD margin though improved remained thin at 2.51% in FY25 (FY24: 2.07%), owing to trading nature of operations. Consequently, profit after tax (PAT) margin also remained thin at 0.59% in FY25 (FY24: 0.48%). PAPL reported GCA of ₹3.94 crore in FY25 compared to ₹3.52 crore in FY24.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

For Q1FY26 (UA), PAPL reported TOI of ₹80.18 crore.

### **Dependence on fortunes of TML with limited geographical presence and cyclical automobile industry**

Inherent to the trading nature of the business, company's profitability margins are thin as a dealer has lower bargaining power over principal manufacturer (TML for PAPL). To capture the market share, the auto dealers offer discounts as well as various incentives, moderating the overall profitability.

PAPL is exposed to competition from other dealers present in their area of operations along with competition from automobile dealers of other vehicle makers. Company's scale of operations remained modest over the years, due to its limited geographical presence as it has dealership of TML for passenger vehicles in few districts of Gujarat.

The auto industry is inherently vulnerable to the economic cycles and is highly sensitive to the interest rates and fuel prices. The company's operations are prone to the risks associated with such cyclical nature of the auto industry.

### **Key strengths**

#### **Long track record of association with TML**

Since its incorporation, PAPL has been associated with TML, one of the largest automobile manufacturer and leading player in the passenger vehicle (PV) segment. PAPL is an authorized dealer of TML's passenger vehicles and has 7 showrooms i.e. 2 in Surat, and 1 each in Vyara, Vapi, Valsad, Silvassa, Navsari and Vandsa along with 2 service centres i.e. one each in Surat and Vapi and 2 showroom cum service centre in Vyara and Navsari. This apart, the company also operates 6 electric vehicle charging stations. The dealership agreements with TML spans two years and is renewed post completion through mutual consent.

#### **Long experience of the promoters in the auto-dealership business**

PAPL is incorporated by Mr. Ravirajsinh Solanki, who has more than a decade of experience and by Mrs. Jalpa Solanki, who has more than 25 years of industry experience. Mr. Ravirajsinh Solanki, promoter of PAPL is also partner in Presidency Skoda, an authorized dealer of Skoda cars. Presidency Skoda has total 3 showrooms spread across Surat, Vapi and Navsari.

#### **Liquidity: Stretched**

The liquidity position of PAPL remained stretched marked by moderate GCA level against its debt repayment and high utilization of working capital limits. It has low free cash and bank balance of ₹1.46 crore as on March 31, 2025. PAPL is expected to achieve GCA of ~₹3.50-4.00 crore as against repayment obligation of ~₹3 crore for FY26. The average utilization of working capital limits remained at ~74%% and average of maximum utilization remained at ~84% for the past 5 months ended July 31, 2025. Cash flow from operations was positive at ₹16.13 crore as on March 31, 2025, as against negative at ₹17.10 crore as March 31, 2024. Company has moderate inventory period of 43 days and debtor days of 05 days during FY25. Operating cycle remained at 47 days during FY25 (FY24: 35 days). Current ratio remained at 1.15x as on March 31, 2025.

### **Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[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 February 2014 by Mr. Ravirajsinh Solanki and Mrs. Jalpa Solanki, PAPL, is an authorized dealer for of TML for its PVs.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	438.59	396.45	80.18
PBILDT	9.08	9.96	NA
PAT	2.10	2.34	NA
Overall gearing (times)	6.18	4.25	NA
Interest coverage (times)	1.81	1.84	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-Cash Credit	-	-	-	-	2.10	CARE B+; Stable
Fund-based - ST-Vendor financing	-	-	-	-	64.00	CARE A4
Fund-based-Short Term	-	-	-	-	3.90	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	2.10	CARE B+; Stable	-	1)CARE B; Stable (25-Feb-25) 2)CARE D (28-Aug-24) 3)CARE BB; Stable (24-Jul-24)	-	-
2	Fund-based - ST-Vendor financing	ST	64.00	CARE A4	-	1)CARE A4 (25-Feb-25) 2)CARE D (28-Aug-24)	-	-

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
						3)CARE A4 (24-Jul-24)		
3	Fund-based-Short Term	ST	3.90	CARE A4	-	1)CARE A4 (25-Feb-25) 2)CARE D (28-Aug-24) 3)CARE A4 (24-Jul-24)	-	-

LT: Long term; ST: 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 - ST-Vendor financing	Simple
3	Fund-based-Short Term	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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