

Motor World Private Limited

September 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.11	CARE BBB-; Stable	Reaffirmed
Short Term Bank Facilities	84.16 (Enhanced from 61.29)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Motor World Private Limited (MWPL) reflects the company's improving scale of operations despite muted consumer demand in the passenger vehicle (PV) segment demonstrating its ability to sustain its operations. In FY25 (FY refers to April 01 to March 31), the company registered a total operating income (TOI) of ~₹1,900 crore, driven by high sales volumes. CARE Ratings Limited (CareEdge Ratings) expects the company to continue sustaining its performance in line with the performance of its principal, Toyota Kirloskar Motors Private Limited (Toyota). Ratings continue to factor in the promoters' extensive experience in the automobile dealership industry, MWPL's diversified revenue base, and its long-standing relationship with the principal.

The rating strengths are partially offset by increasing borrowing levels in the past 12-15 months, owing to rise in inventory and receivables. Given the inherently thin profit before interest, depreciation, and taxation (PBDIT) margins associated with the auto dealership industry, rising interest costs are likely to moderate the company's debt coverage indicators in the near term. In CareEdge Ratings' opinion, the company's working capital borrowings may remain elevated, as supply is expected to continue outpacing demand in the near term, keeping the capital structure at modest levels. The company's ability to manage inventory efficiently and improve profitability to maintain interest coverage ratio (ICR) and debt service coverage ratio (DSCR) at satisfactory levels will be a key monitorable.

Ratings are also constrained by the risk associated with inherent cyclical nature of the auto industry, intense competition from other original equipment manufacturer (OEM) dealers, and dependence on performance of principal in the PV segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Return on capital employed (ROCE) over 15%, and total debt/profit before depreciation, interest, and taxes (PBDIT) of less than 2x, while sustaining scale of operations at the current level.

Negative factors

- ICR sustaining below 1.75x or net working capital to operating income (NWC/ OI) of over 12%.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that MWPL will continue to sustain its performance aided by demand of Toyota vehicles and will continue to benefit from long-standing experience of its promoters in the auto dealership business.

Detailed description of key rating drivers:

Key strengths

Robust operational performance

The company's scale has been improving continuously. It reported 6.84% growth in revenue to ₹1,971.68 crore in FY25 (Prov.) against ₹1,836.98 crore in FY24 aided by consumer demand for Toyota vehicles despite muted demand in PV segment. The company has been benefitting from increasing consumer preference for Toyota vehicles. The company has diverse revenue steam with income from sale of cars, used cars, service and sale of spare parts. The company generates revenue from sales of new cars

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

and used cars, which contributes to ~90% of total sales value, rest 10% comes from sales of spares and accessories, and service income, where the company generates comparatively better margins. CareEdge Ratings notes that the company has reported income of ₹602 crore in 4MFY25 (UA), and with upcoming festive season, revenue levels are expected to sustain in FY26.

Top Toyota dealer in Bengaluru

MWPL is among the four dealers of Toyota cars in Bengaluru and caters to South and East regions. MWPL sells over 700 cars per month supported by high customer demand for Toyota variants. With upcoming festival season and healthy demand for Toyota variants, CareEdge Ratings expects the company to sustain sales volume.

Long-standing association with principal and diverse revenue profile

The company is one of the primary dealers of Toyota Passenger Vehicles of Toyota Kirloskar Motor Private Limited. It commenced operations in January 2000, and presently has 12 facilities, catering to South and East Bengaluru. The company also sells Toyota-certified used cars through its showrooms named "Toyota U trust" and has service centres as well. Thus, the company has diverse revenue profile with income coming from sale of cars, used cars, service and sale of spare parts. The company garners higher margin in the used cars and service segment compared to new cars segment. MWPL continues to maintain dominant market position as Toyota car dealer in Bengaluru. MWPL is also the sole dealer for the Toyota's premium, Lexus, in Karnataka.

Vast experience of promoters in dealership business

Saju. K Thomas (Chairman and MD of the Group), the promoter of Popular Group, started his career in 1980 and was the architect of successful dealership businesses of Maruti, DCM Toyota, and Bajaj in the 80-year-old Kuttukaran group. The Popular Group operates in sectors of the automobile industry such as PVs, two-wheelers, and earth-moving equipment. The group has six dealerships of Toyota, Lexus, Bajaj, KTM, Hyundai, and JCB, in Kerala and Karnataka.

Key weaknesses

Increasing inventory and borrowing levels

The company's capital structure deteriorated in FY25 due to declining profitability and increased working capital requirements. Inventory levels rose amid sluggish demand in the auto sector and limited bargaining power of dealers with OEMs. This inventory build-up was primarily funded through working capital borrowings, leading to a rise in short-term debt. As a result, overall gearing increased to 2.41x as on March 31, 2025, from 1.24x a year earlier. Inventory levels is expected to remain high in near term and thus coverage indicators are expected to moderate in FY26. The company continues to utilise working capital limits to maintain adequate inventory for timely customer delivery. CareEdge Ratings believes the company can generate sufficient cash accruals to meet its debt obligations. However, sustained pressure on profitability margins alongside rising short-term borrowings could weaken debt coverage indicators in the near term. Hence, the company's ability to manage inventory and borrowing levels remains a key monitorable.

Thin profitability margin

The company's operating profitability margin declined marginally in FY25 (Prov.) to 1.49% (PY: 2.10%) as sales volume increased last year. However, due to limited dealership margins and increased advertisement expenses and discounts offered by the company to push sales volume led to decline in profitability in FY25. The company needs to ensure they are keeping latest and high in demand variants in their showroom, which leads to increased cost of acquiring inventory. The company's ability to sustain its revenue levels and improve operating profitability margins will be a key monitorable.

Working capital intensive business

The dealership business is inherently working capital intensive. In FY25, the company's operating cycle extended to 30 days (previous year: 22 days), primarily considering inventory build-up which increased average inventory holding to 21 days (PY: 17 days). Despite maintaining an inventory buffer of 30–35 days, elevated inventory costs have led to a rise in working capital borrowings, which stood at ₹173.78 crore as on March 31, 2025, compared to ₹79.57 crore in the previous year. The company reported a TOI of ₹602 crore in 4MFY26 (Prov.). However, increased inventory levels have led to higher working capital utilisation of ~₹225 crore as on July 31, 2025. Moving forward, company's ability to bring down inventory levels would be a key monitorable.

Dependence on performance of principal

MWPL's performance is directly linked to the performance of its principal, Toyota. Toyota's performance has improved in the last few years considering increased consumer demand for its models. Last year, Toyota reported growth in sales volume, which had a direct impact on MWPL's performance. The regular launch of new models and upgrading existing models from Toyota is necessary for its dealers such as MWPL to maintain improved operational performance.

Performance susceptible to intense competition in the domestic PV industry

Automobile industry is highly competitive due to presence of well-established players in the market, such as Maruti Suzuki India Limited, Mahindra and Mahindra, TATA Motors Limited who are among the top competitors of Toyota Kirloskar Motor Private Limited, in PV segment. OEMs continuously launches new variant with advanced features at competitive price, influencing consumer preferences which directly impact the sales of principal. To negate this affect, principal encourages more dealerships to improve penetration in the market which increases competition among dealers. Also, entry barrier in the dealer ship business in terms of set up cost is low which intensifies competition among dealers of same OEM. Dealerships also have to deal with unexpected shifts in buyer preferences toward newer models launched by competitor OEMs, impacting their revenues.

Cyclical nature of the automotive industry

The automotive industry is highly vulnerable to economic cycle and is majorly driven by consumer's preferences. The industry is also highly sensitive to interest rate and inflation, which increases purchasing cost, affecting the consumer's disposable income and influencing their decision. Fuel prices also have a direct impact on the vehicle's running cost and hikes would lead to reduced disposable income of consumers, influencing purchase decision.

Liquidity: Adequate

The company's liquidity is adequate marked by anticipated healthy gross cash accruals (GCA), which would sufficiently cover repayment obligation of ~₹8.00 crore in FY26. Cash and liquid investments stood at a comfortable level of ₹28.49 crore as on July 31, 2025. The company has inventory funding limits of ₹282.6 crore and utilisation for 12-month period ended June 2025 stood at 78%. However, if inventory remains at high levels, utilisation is expected to increase in near term.

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

MWPL commenced operations in January 2000 as an authorised dealer in Toyota Passenger Vehicles of Toyota Kirloskar Motor Private Limited catering to South and East Bengaluru. The company belongs to 'Popular Group', which operates dealerships of Hyundai, Bajaj, JCB, and Harley Davidson across South India. The company has two 3S (sales, service and spares), three 2S (sale and service), one 1S and two express facilities showrooms in Bengaluru. The company sells Toyota parts and accessories, and Toyota-certified used cars through its three used-car showrooms in Bangalore named "Toyota U Trust". The company is also the sole dealer for the premium brand Lexus of Toyota in Karnataka and has an exclusive showroom in Bengaluru.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	July 31, 2025 (UA)
Total operating income	1,836.98	1,971.68	602.12
PBILDT	38.52	29.31	15.14
PAT	16.00	3.62	5.34
Overall gearing (times)	1.24	2.41	NA
Interest coverage (times)	2.88	1.44	2.23

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has continued the rating assigned to bank facilities of MWPL into ISSUER NOT COOPERATING category vide press release dated September 12, 2024, considering its inability to carry out a review in the absence of requisite information from the company.

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-Cash Credit	-	-	-	-	0.50	CARE BBB-; Stable
Fund-based - ST-Working Capital Limits	-	-	-	-	84.16	CARE A3
Fund-based-Long Term		-	-	July 2026	0.61	CARE BBB-; Stable

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-Long Term	LT	0.61	CARE BBB-; Stable	-	1)CARE BBB-; Stable (07-Oct-24)	1)CARE BBB-; Stable (29-Sep-23)	1)CARE BB+; Stable (02-Sep-22)
2	Fund-based - LT-Cash Credit	LT	0.50	CARE BBB-; Stable	-	1)CARE BBB-; Stable (07-Oct-24)	1)CARE BBB-; Stable (29-Sep-23)	1)CARE BB+; Stable (02-Sep-22)
3	Fund-based - ST-Working Capital Limits	ST	84.16	CARE A3	-	1)CARE A3 (07-Oct-24)	1)CARE A3 (29-Sep-23)	1)CARE A4+ (02-Sep-22)

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-Working Capital Limits	Simple
3	Fund-based-Long 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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