

President Motors

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	6.00	CARE BB-; Stable	Assigned
Short-term bank facilities	89.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of President Motors (PM) are constrained considering thin profitability inherent to the trading nature of business, moderately leveraged capital structure, weak debt coverage indicators, and stretched liquidity. Ratings further remain constrained due to presence of PM 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), Mahindra & Mahindra Ltd (M&M) and inherent risk associated with partnership nature of constitution.

However, ratings derive strength from the experienced promoters in the automobile dealership business, long track record of association with M&M, and growing scale of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total operating income (TOI) above ₹450 crore while maintaining existing profitability level.
- Debt service coverage ratio (DSCR) above 1.10x on a sustained basis.
- Capital structure marked by overall gearing below 2.50x on a sustained basis.

Negative factors

- Decline in TOI and/or profit before interest, lease, depreciation and tax (PBILDT) margin leading to significant moderation in the gross cash accruals (GCA).
- Deterioration in capital structure marked by overall gearing above 4x on a sustained basis.
- Any significant elongation in the operating cycle impacting the liquidity position.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that PM shall continue benefiting from its promoters' experience in the automobile dealership business and its long-term association with M&M.

Detailed description of key rating drivers:

Key weaknesses

Thin profitability margins

The PBILDT margin remained thin, and range bound at 2.50%-3.00% in the last five years ended FY25 owing to trading nature of operations. PM reported PBILDT margin of 2.50% in FY25 (FY24: 2.87%). With moderate depreciation and interest and finance cost, profit after tax (PAT) margin also remained thin at 0.68% in FY25 (FY24: 0.95%). PM reported GCA of ₹4.02 crore in FY25 (FY24: ₹4.60 crore).

Moderately leveraged capital structure and weak debt coverage indicators

PM's capital structure remained moderate marked by overall gearing of 2.69x (March 31, 2024: 2.62x) and total outside liability to tangible net worth of 3.51x (March 31, 2024: 3.51x) as on March 31, 2025.

While PM's net worth/capital base stood modest at ₹18.12 crore as on March 31, 2025 (March 31, 2024: ₹17.18 crore), total debt level remained comparatively high at ₹48.75 crore as on March 31, 2025 (March 31, 2024: ₹44.97 crore), to cater growing scale and inventory holding requirement.

Debt coverage indicators remained weak, marked by total debt to GCA (TDGCA) and PBILDT interest coverage at 12.13x (FY24: 9.78x) and 1.89x (FY24: 2.24x), respectively, in FY25.

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

Partnership nature of constitution

Being a partnership firm, PM is exposed to the inherent risk of the partners' capital being withdrawn at the time of contingency, which may impact its liquidity and debt protection metrics. Also, with the limited profitability and some capital withdrawal instances in past, the firm's capital base continued to remain modest at ₹18.12 crore as on March 31, 2025, which restricts its financial flexibility.

Presence in the competitive automobile dealership industry with limited bargaining power with principal automobile manufacturer

Indian automobile industry is highly competitive as there are large numbers of players operating in the market, such as Maruti Suzuki India Limited (MSIL), Tata Motors Limited, Hyundai Motor India Limited (HMIL), Kia Motors, Toyota Motor Corporation and M&M among others in the passenger vehicle segment. OEMs are encouraging more dealerships to improve penetration and sales, increasing competition among dealers. Though major price revision of vehicle is borne by the principal, auto dealership offers discount to attract customers impacting the profitability. PM derives majority income from the vehicle sales of M&M and hence its growth prospects are also linked to the latter's overall performance of and product launch and acceptance in the market.

Key strengths**Moderate despite growing scale of operations**

TOI of PM has exhibited a compounded annual growth rate (CAGR) of ~25% in the last five years and stood at ₹364.77 crore in FY24. TOI grew further by ~13% y-o-y to ₹411.92 crore in FY25. Steady growth in the sales volume (numbers of vehicles sold) and increase in the sales realisation led to consistent growth in the TOI, which however continues to remain moderate. PM earns ~85% of its TOI from vehicle sales and balance from sale of spares and service among others.

Experience of promoters in the automobile dealership business

PM was incorporated by the Jadeja family in 2002. Currently, operations are managed by four partners, Pradyumansinh R. Jadeja, Yogendrasinh R. Jadeja, Madhviben P. Jadeja, and Minaxiben Y. Jadeja. All partners have over a decade of experience in the automobile industry and collectively look after the firm's overall operations. The partners are engaged in dealership business through other entities out of which major ones are Pramukh Automotive Private Limited (rated 'CARE B+; Stable / CARE A4;'), Monarch Automotive Private Limited, and Samrath cars among others.

Established track record of operations and long-standing association with M&M

PM was awarded the dealership of M&M since its inception in 2002, and since then, its association with M&M grew, with it presently having seven showrooms. PM benefits from the technological advancements and periodic addition of new car models by M&M.

Incorporated in 1945, M&M is the flagship company of the Mahindra Group. Its core businesses include manufacturing auto (passenger vehicles [PV] [utility vehicles [UVs], passenger cars), CV (light commercial vehicles [LCV], pickups, medium and heavy commercial vehicles [MHCV], electric three-wheelers, and two-wheelers, among others), farm equipment (tractors and other farm equipment), crop care solutions, and seed distribution. M&M enjoys a dominant position in its leading business segments. M&M has periodically launched new models and different variants of its utility vehicle (UV) portfolio.

Liquidity: Stretched

PM's liquidity remained stretched marked by moderate GCA level against its debt repayment, high utilisation of its working capital limit, and low cash and bank balance of ₹1.15 crore as on March 31, 2025. PM is expected to achieve GCA of ~₹3.50-4.00 crore against repayment obligation of ~₹3.25 crore for FY26. The average and maximum utilisation of fund-based working capital limits remained at ~83% and ~90%, respectively, for the last six months ended August 31, 2025. Cash flow from operations was positive at ₹8.84 crore in FY25, against negative at ₹9.59 crore in FY24.

The firm has moderate inventory period of 32 days and debtor days of 13 in FY25. Operating cycle remained at 42 days in FY25 (FY24: 37 days). Current ratio remained at 1.17x as on March 31, 2025.

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 firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Automobiles	Auto dealer

Gujarat-based PM was incorporated in September 2002 as a partnership firm. Currently, it is being managed by Pradyumansinh R. Jadeja, Yogendrasinh R. Jadeja, Madhviben P. Jadeja, and Minaxiben Y. Jadeja. PM is an authorised dealer of M&M since its inception and has successfully continued till date. PM currently operates four showrooms with workshops, three exclusive showrooms, and an exclusive workshop, spread across three cities of Gujarat, namely Surat, Navsari, and Vyara.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	364.77	411.92	95.98
PBILDT	10.48	10.29	NA
PAT	3.46	2.82	NA
Overall gearing (times)	2.62	2.69	NA
Interest coverage (times)	2.24	1.89	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	-	-	-	-	6.00	CARE BB-; Stable
Fund-based - ST-Working Capital Limits	-	-	-	-	89.00	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 - ST-Working Capital Limits	ST	89.00	CARE A4	-	-	-	-
2	Fund-based - LT-Cash Credit	LT	6.00	CARE BB-; Stable	-	-	-	-

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

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.

Contact us

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