

CPR Distributors Private Limited

December 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	67.00	CARE BBB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of CPR Distributors Private Limited (CDPL) derives strength from its promoters' vast experience in electronic retail store industry, established track record of operations under 'Lotus' brand in Madhya Pradesh, continuous growth in CDPL's scale of operations while maintaining a comfortable financial risk profile, and adequate liquidity.

However, these rating strengths are partially offset by geographical concentration of its operations, moderate profitability given intense competition from numerous organised and unorganised players present in offline and online market space and business susceptible to inventory obsolescence risk. This apart, the sector remains sensitive to changes in the economic cycle.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scaling up of operations in other states, thereby, reducing geographical concentration and achievement of total operating income (TOI) above ₹1,000 crore and improvement in profit before interest, lease, depreciation and taxes (PBILDT) margin on a sustained basis.
- Improvement in interest coverage to above 3x.

Negative factors

- Significant decline in revenue or profitability by over 25% on a sustained basis.
- Any significant debt-funded stores expansion resulting in weakening of capital structure.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will continue to benefit from promoters' extensive industry experience and its established position in Madhya Pradesh.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoters

CDPL was founded in 1998 by promoters, Sanjay Chhabra, Rajendra Raje, and Deepak Pahwa, having over 30 years of experience in distribution and retail. Operations are managed by these three families jointly where the roles and responsibilities are clearly defined. The second generation is also actively involved in day-to-day operations. The company has minimal reliance on bank loan and promoters have supported the business through regular infusion of funds in the form of unsecured loans (USL: ₹78.98 crore as on March 31, 2025), these USL forms substantial portion of total debt and are likely to remain deployed in the business, going forward.

Comfortable working capital cycle

CDPL procures inventory from suppliers on a recurring basis, with delivery timelines of four to seven days. About 50–60% of the goods are routed through its central warehouse in Indore before being dispatched to individual stores. Suppliers extend a short credit period of around five days, while a few require advance payments. The company maintains an efficient working capital cycle of 33 days in FY25 (PY: 27 days).

Comfortable financial risk profile

Financial risk profile of the company remains comfortable with low reliance on outside debt. Promoters are debt conservative and have supported the business through infusion of USLs, which forms ~69% of company's total debt. In absence on loan term debt, the coverage indicators of the company also stand adequate.

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

Stable growth in scale of operations

Revenue from operations has grown at compound annual growth rate (CAGR) of ~15% in the last four years. In FY25, revenue has grown at a modest growth of 8.23% to ₹739.15 crore (PY: ₹682.93 crore) driven by growth in large appliances. Around 50% of the revenue is derived from large appliances. The average revenue per store declined marginally to ₹30.80 crore (PY: ₹32.52 crore) as three new stores were added towards the latter part of the year. In H1FY26, company has recognised a revenue of ~₹400 crore.

Key weaknesses

Moderate profitability due to intense competition in electronic retail

The company operates in a highly competitive electronic retail industry, with competition from national multi-brand chains, regional retailers, and e-commerce platforms offering frequent discounts and cashbacks. This competitive environment necessitates continuous promotional schemes and financing tie-ups to drive footfalls, which structurally limits the company's pricing power and keeps margins modest. As a result, PBILDT margin remains thin ranging between 3.6% and 3.9%. However, the company benefits from a longstanding presence of "Lotus" brand in Madhya Pradesh, supporting steady footfalls, and offers products at competitive prices to counter competition from online platforms.

Inventory obsolescence risk

The company is exposed to the risk of inventory obsolescence, as the consumer electronics and home appliances segment is characterised by frequent model upgrades, technological improvements, and seasonality. Slow-moving stock or older models may require discounting or promotional support to liquidate, which can compress gross margins. Effective inventory planning, timely liquidation of ageing stock, and coordination with OEMs for buy-back or incentive-driven clearance schemes remain critical for mitigating this risk.

Geographic concentration risk

Despite operating 28 stores, the company's presence remains geographically concentrated, with 16 stores in Madhya Pradesh and the remainder spread across a limited number of cities in Maharashtra, Chhattisgarh, and Rajasthan. Top five stores contributed ~41% of the revenue for FY25. This concentration exposes the company to region-specific economic conditions, competitive actions, regulatory developments, and discretionary spending patterns. A slowdown in demand or intensifying competition in these core markets could impact sales and profitability.

Liquidity: Adequate

The company is able to generate adequate cashflows marked by gross cash accruals (GCA) of ₹13.20 crore for FY25 against working capital term loan (WCTL) repayment of ₹0.62 crore for FY26. Reliance on bank borrowings for working capital purpose is moderate marked by average CC utilisation of 76% for the 12 months ending October 2025. Liquidity is supported by free cash and cash equivalents of ₹1.94 crore and current ratio of 1.70x as on March 31, 2025, and regular infusion of funds by the promoters.

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](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Household appliances

CDPL was incorporated on November 13, 1998, by Sanjay Chhabra and Rajendra Raje as a fast-moving consumer goods (FMCG) distribution house for Cadbury and Hindustan Unilever in Indore. In 2000, the company diversified into retailing of consumer

electronics and home appliances and began operating its retail outlets under the brand name "Lotus." CDPL currently operates 28 stores across nine cities in Madhya Pradesh, Maharashtra, Chhattisgarh, and Rajasthan.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1-FY26 (UA)
Total operating income	682.93	739.15	402.32
PBILDT	25.40	28.65	NA
PAT	6.21	5.73	NA
Overall gearing (times)	2.26	2.18	NA
Interest coverage (times)	2.27	2.15	NA

A: Audited, 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		-	-	-	63.05	CARE BBB; Stable
Fund-based - LT-Working capital Term Loan		-	-	January 2031	3.95	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 - LT-Cash Credit	LT	63.05	CARE BBB; Stable				
2	Fund-based - LT-Working capital Term Loan	LT	3.95	CARE BBB; Stable				

LT: Long 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-Working capital Term Loan	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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