

Popular Motor Ventures LLP

January 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	46.51	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Popular Motor Ventures LLP (PMV) reflect its nascent stage of operations, with less than three years of business history, and a highly leveraged capital structure owing to the predominantly debt-funded vehicle purchases. The ratings also factor in the firm's vulnerability to profitability risks linked to efficient fleet deployment, its partnership nature that carries inherent risks of capital withdrawal, and the intensely competitive industry environment.

These weaknesses are partly mitigated by the promoters' extensive experience and long-standing track record in the automobile dealership industry, even though mobility is a relatively new venture for them. The rating also benefits from the contractual arrangement with Uber India Systems Private Limited (Uber), which has enabled the company to maintain stable per-vehicle daily revenue despite continuous fleet expansion, thereby supporting satisfactory coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent increase in scale of operations while maintaining per vehicle per day revenue of Rs. 2,500 and total debt/GCA of less than 5x.

Negative factors

- Deterioration in the debt coverage indicators with interest coverage ratio below 3x and total debt to PBDIT exceeding 5.5x on sustained basis.

Analytical approach:

Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited (CareEdge Ratings') expectation that PMV will benefit from agreement with Uber and the extensive experience of the partners.

Detailed description of key rating drivers:

Key weaknesses

Nascent stages of operations

PMV's scale of operations remains modest owing to the service-driven nature and initial stage of the firm, in which the firm predominantly books revenue from providing fleet services to Uber. The ability of the firm to increase its revenue base and reporting profitability is a key monitorable. Moreover, its net worth base at Rs. 1.20 crore as on March 31, 2025, remains low.

Leveraged capital structure

The entity's capital structure stood leveraged, as marked by an overall gearing of 63.01x as on March 31, 2025 (21.47x as on March 31, 2024) with high reliance on external debt. Vehicle purchases are primarily financed through debt, and the high depreciation costs have resulted in recurring losses, which in turn have constrained the firm's ability to build its net worth. Nevertheless, going forward, CareEdge Ratings expects that the capital structure would improve on back of increasing operations which would absorb the fixed costs as well as depreciation.

Partnership nature of the firm with inherent risk of capital withdrawal

Being a Limited Liability Partnership, PMV is exposed to inherent risk of partners' capital being withdrawn, and firm being dissolved upon the death/retirement/insolvency of partners which may affect financial flexibility of the firm. And at the time of their personal contingencies resulting in reduction of capital base leading to adverse effect on capital structure. However, during FY25, the Partners have infused the capital by Rs. 2.14 Crores.

Highly competitive nature of industry characterized by intense competition

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

The industry in which PMV operates is highly competitive, characterized by intense rivalry among established players and new entrants. Factors such as price sensitivity, evolving customer preferences, technological advancements, and the presence of multiple service providers in cab services, Ed-Tech solutions, and automobile workshops contribute to significant competitive pressure. PMV operates in highly competitive market marked by the presence of numerous players catering to the same market which has limited the bargaining power of the company. Hence, going forward, due to increasing level of competition and competitive rates, the profits margins are likely to be under pressure in the medium term.

Key strengths

Experienced promoters

PMV was established in 2022 by its promoters, Mr. Saju Kuttukaran Thomas who is the chairman and managing director of the Popular Group. Along with him, Ms. Sheila Saju, Mr. George Saju Kuttukaran and Mr. Thomas Saju serve as partners in the firm. The experience and excellence of the promoters are expected to support PMV. The group also operates Toyota and Hyundai auto dealership under Motor World Private Limited (CARE BBB-; Stable) and Popular Motor World Private Limited (CARE BBB-; Negative), respectively.

Contractual agreement with Uber

PMV has entered into an agreement with Uber for a period of four years extendable at the choice of both the parties, to onboard the PMV fleet on Uber App for providing transportation services to riders in Bengaluru. PMV has been able to increase the scale of operations and expand the fleet size along with the utilisation without affecting the revenue generated by each vehicle on everyday basis.

Liquidity: Stretched

As a limited liability partnership with a modest net worth base, the firm's financial flexibility remains constrained. Given its high reliance on term debt, sustaining adequate average daily revenue per vehicle is critical to maintaining a satisfactory debt service coverage ratio (DSCR). As of September 30, 2025, the firm reported a cash and bank balance of ₹2.64 crore.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Services Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Road Transport

Popular Motor Ventures LLP (PMV), based in Bengaluru, Karnataka, was incorporated on June 22, 2022, as a Limited Liability Partnership. The firm primarily operates by deploying its cab fleet through the Uber platform and also owns a multi-brand automobile workshop in the city.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	6.98	63.41	73.62
PBILDT*	-0.04	14.41	14.81
Profit after tax (PAT)	-2.29	-0.47	NA
Overall gearing (x)	21.47	66.70	NA
Interest coverage (x)	-0.09	3.33	3.33

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	July 2029	46.51	CARE BB-; 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-Term Loan	LT	46.51	CARE BB-; Stable	-	-	-	-

LT: Long term

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-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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