

## Padmaja Motors

February 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	54.00	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to banking facilities of Padmaja Motor (PM) are constrained by firm's leveraged capital structure with modest debt coverage indicators, working capital-intensive nature of operations, stretched liquidity and geographical concentration of its dealership network. The ratings are further constrained by thin profitability margins inherent to the highly competitive automobile dealership industry and firm's constitution as a partnership entity, which exposes it to risks of capital withdrawal.

However, the ratings derive strength from firm's growing scale of operations, despite at a moderate level, and its established relationship with Tata Motors Passenger Vehicles Limited (TMPVL), which supports business stability and demand visibility

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

#### Positive factors

- Volume-based growth in scale of operations above ₹350 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins.
- Improvement in capital structure, with overall gearing below 2.5x and PBILDT interest coverage above 3.0x on a sustained basis.

#### Negative factors

- Decline in scale of operations below Rs. 150 crore and/or moderation in PBILDT margin below 2.5%
- Debt-funded capex or increase in working capital intensity leading to deterioration in leverage, with overall gearing rising above 5x.

### Analytical approach: Standalone

#### Outlook: Stable

The Stable outlook reflects CARE Ratings Limited (CareEdge Ratings)' expectations that the company will continue to benefit from the experience of its promoters in the automobile dealership industry and its established association with its original equipment manufacturer (OEM), translating to adequate performance in the near-to-medium-term.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Leveraged capital structure and modest debt coverage indicators

The capital structure of firm remains leveraged, with overall gearing at 4.61x as on March 31, 2025 (PY: 3.32x) and TOL/TNW at 5.22x (PY: 3.70x), supported by modest tangible net worth base of ₹10.02 crore. The increase in leverage is primarily due to higher working capital utilisation to support growth in revenues. Consequently, debt coverage indicators remained modest in FY25 (FY refers to April 01 to March 31), with total debt/PBILDT at 5.56x and PBILDT interest coverage at 2.01x, reflecting increased reliance on debt-funded operations.

##### Working capital-intensive operation and geographical concentration

PM's operations are inherently working capital intensive, requiring inventory of multiple vehicle models and spare parts to meet customer demand. The average operating cycle stood at 46 days in FY25 (PY: 43 days), largely driven by inventory holding, resulting in continued dependence on working capital borrowings. Further, its operations are geographically concentrated across select districts in Maharashtra, which limits geographical diversification and exposes business to region-specific demand conditions.

<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.

**Intense competition and low margins inherent in dealership business**

The automobile dealership business is characterised by intense competition, with multiple original equipment manufacturers (OEMs) operating in the passenger and commercial vehicle segments. The competitive landscape results in pricing pressures, as OEM-led discount schemes and promotional offers are commonly used to drive volumes, limiting margin expansion for dealers. As a result, PM's profitability margins remain thin, also impacted by low revenue from services. Consequently, PM's profitability remains modest, with PBILDT and profit after tax (PAT) margins at 3.59% and 0.62%, respectively, in FY25. The low-margin nature of the dealership business, and limited contribution from higher-margin service and spares income, constrains operating leverage and reduces firm's ability to absorb adverse demand conditions or cost pressures. Further, dealers have limited bargaining power with OEMs, since product pricing and dealer margins are largely determined by the principal manufacturer.

**Constitution as partnership firm**

PM is constituted as a partnership firm, which entails structural limitations. The partnership structure exposes firm to risks related to capital withdrawal by partners and potential business continuity issues arising from changes in partnership, such as retirement or insolvency of partners.

**Key strengths****Growing scale of operations**

PM has demonstrated strong growth momentum, with total operating income increasing by ~44% to ₹230 crore in FY25 from ₹159 crore in FY24, supported by improved realisations and healthy demand traction. The growth trend continued in H1FY26, with revenues increasing to ₹138 crore compared to ₹80 crore in H1FY25. The expanding scale of operations reflects gradual strengthening of firm's market presence in its operating regions.

**Benefit from relationship with OEM**

PM has been an authorised dealer of Tata Motors Passenger Vehicles Limited (TMPVL) in the passenger vehicle segment since 2021. The established relationship with TMPVL supports business stability through access to a strong brand, a diversified product portfolio, and periodic launch of new models and technology upgrades. The association also facilitates steady customer footfalls and supports revenue growth across its dealership network in Maharashtra.

**Integrated operating model with active promoter involvement**

PM operates a network of integrated showroom-cum-service centres, which supports growth of after-sales revenues such as spares and service income, providing relatively stable and recurring revenue streams. It is promoted and managed by the Jadhav family, who are actively involved in day-to-day operations, enabling effective execution and steady expansion of the dealership network across its operating regions.

**Liquidity: Stretched**

Liquidity of PM remained stretched, marked by low cash and bank balance, negative cash flow from operations (CFO) and high utilisation of its working capital limits. PM is expected to generate gross cash accruals of ₹5-₹7 crore compared to scheduled repayment of ₹1.5-₹2 crore in the projected years. It had low free cash and bank balance of ₹1.37 crore as on September 30, 2025. Further, its net cash flow from operations stood negative at ₹2.47 crore in FY25. Average utilisation of working limit remained moderate at ~90% in the last twelve months ended December 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](#)

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[Auto Dealer](#)

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## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

Padmaja Motors (PM), incorporated in 2021, is an authorised dealer for Tata Motors Passenger Vehicle Limited and engages exclusively in the retail sale of passenger vehicles. As of December 31, 2025, PM operates eight showrooms and four service centres across Nanded, Latur, Solapur and Dharashiv in Maharashtra, catering primarily to Tier II and Tier III markets. The business is promoted by Balaji V Jadhav and his four sons — Arvind, Avinash, Vinayak and Arjun — who collectively participate in the day-to-day operations of the dealership.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	159.45	229.87	263.18
PBILDT	7.91	8.31	NA
PAT	3.87	3.84	NA
Overall gearing (times)	3.32	4.61	NA
Interest coverage (times)	2.53	2.01	NA

A: Audited UA: Unaudited NA: Not applicable; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits		-	-	-	54.00	CARE BB; Stable / 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/ ST-Working Capital Limits	LT/ST	54.00	CARE BB; Stable / CARE A4				

LT: Long term; ST: Short term; LT/ST: Long term/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/ ST-Working Capital Limits	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated:** Not applicable

**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](mailto:care@careedge.in) for clarifications.

## Contact us

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