

Bhargavi Automobiles Private Limited

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	54.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd has been seeking information from Bhargavi Automobiles Private Limited (BAPL) to monitor the ratings vide e mail communications/letters dated November 18, 2025, to March 20, 2026, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the ratings on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on BAPL's bank facilities will now be denoted as CARE BB; Stable; ISSUER NOT COOPERATING.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of non-availability of requisite information due to non-cooperation by Bhargavi Automobiles Private Limited with CARE's effort to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall sustain its moderate financial risk profile over the medium term.

Detailed description of key rating drivers:

At the time of last rating on [March 10, 2025](#), the following were the rating weaknesses and strengths.

Key weaknesses

Moderate scale of operations albeit improvement, thin profitability margins owing to dealership nature of business

During full year FY24, BAPL's scale of operation remained modest with a TOI of Rs.250.68 crore which decreased by 5% Y-o-Y basis from Rs. 263.46 crore in FY23. The decrease in scale of operations is on account of subdued demand for passenger vehicles in FY24. However, sale of premium segment vehicles were on a higher side. This had resulted in better profitability in terms of margins despite stable topline. PBILDT of BAPL stood at Rs.11.94 crore (margin: 4.76%). However, despite increase in PBILDT, with subsequent increase in interest expenses due to high utilization of working capital limits, PAT remained similar at Rs.2.17 crore (margin: 0.87%).

Working capital intensive nature of operations

The business of automobile dealership has inherent high working capital intensity due to high inventory holding. The entity must maintain optimal inventory of vehicles and spare parts to meet the customer demand and unforeseen supply shortage. The industry benchmark for the operating cycle of automobile dealers and distributors stood at 60 days. However, MSIL compensates for the inventory risk subject to certain conditions like BAPL achieving a certain target set by them. The company's operating cycle slightly elongated to 52 days in FY24 (FY23: 36 days). This is led by increase in inventory levels. The inventory period remained high at 58 days in FY24 (FY23: 42 days). Instances of building up inventory also take place during the year end in order to avail various incentives launched by OEMs in order to meet year end targets. Incentive received by the company also depends on the overall score (based on sales and service performance) received from OEMs. The creditors period of the company stood almost similar at 11 days in FY24 (FY23: 9 days).

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

Deterioration in capital structure and moderate debt coverage indicators

Capital structure of the company deteriorated and remained leveraged as marked by overall gearing of 3.12x as on March 31, 2024 (PYE: 2.48x) with high dependence on external borrowings. As on March 31, 2024, the inventory levels were on a higher side and to fund the same, the company had to rely on working capital borrowings. Hence, there is an increase in total debt. The debt coverage indicators also remained moderate with total debt to GCA ratio at 17.47x (PY: 13.04x). However, as of September 30, 2024, the same improved marginally to 15.16x. This is led by better GCA and similar debt levels as of Sep 30, 2024. The interest coverage deteriorated due to increased interest costs. The total debt consists major portion of working capital bank borrowings and Term loans which are utilized towards setting up of new showroom or workshop which requires to be set up as per MSIL's standard norms.

Pricing constraints and margin pressure arising out of high level of competition

Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market like Maruti Suzuki India Limited (MSIL), Tata Motors, Hyundai, Honda, Toyota etc. in the passenger vehicle segment. With the set-up cost being so low and with no major entry barriers, emergence of new dealers is very imminent and the competition it faces from existing dealers of other OEM's is very intense. To offset the same, dealers must come up with extra discounts, which creates margin pressure and negatively impact the earnings capacity of the company. Also, launch of different variants of products at competitive prices from other OEM's pose significant threat to the survival because of drop in sales on change of customer preference from one OEM to another.

Lack of Geographical diversification

The operations of BAPL despite multiple showrooms are restricted to only two districts of Andhra Pradesh viz., Nellore and Chittoor. Although company was the first to receive authorised dealership of Maruti Suzuki India Limited in these districts. Limited bargaining power with principal automobile manufacturer: The company's business model is largely in the nature of trading wherein profitability margins are very thin. Moreover, in this business a dealer has very less bargaining power over principal manufacturer (MSIL). The margin on products is set at a particular level by the principal manufacturer thereby restricting the company to earn incremental income.

Cyclical nature of Auto industry

The auto industry is inherently vulnerable to economic cycles, industrial growth, investments in infrastructure and regulatory changes (emission norms, scrappage policy, overloading norms). Apart from that auto industry, in general, is highly sensitive to the interest rates and fuel prices. A hike in interest rate increases the costs associated with the purchase leading to purchase deferral. Higher fuel prices tend to shift consumer preferences to ride-sharing apps over owning a vehicle.

Key strengths**Stable financial performance with improvement in profitability in H1FY25**

Furthermore, during H1FY25, BAPL has achieved total operating income of Rs.105.33 crore which translates to 42% of the total revenue of FY24. The profitability margins of the company improved considerably with increase in sale of premium segment vehicles and decrease in marketing expenses which is a cost reduction measure taken by the management. PBILDT margin improved to 6.79% in H1FY25. However, with outflow pertaining to incentives expected to be on a higher side in second half with increase in sales volumes, PBILDT margin is expected to remain in the range of 5-5.50% for full year FY25.

Experienced promoters and management

Promoters of the firm have inherited business knowledge and acumen in automobile segment as family inheritance. The company is headed by Mr. Konda Balarama (Chairman), managed by Mr. Konda Niranjana (M.D) who is ably supported by Mr. Konda Eshwar (Director) who is the third generation of Konda family. Mr. Konda Balarama is a retired principal of Polytechnic of Nellore district and holds experience of around 3 decades in the similar line of business. Mr. Niranjana Konda (son of Balarama Konda) is an M. tech (Civil) inherited the business and has 15 years of experience in Automobile who is ably supported by his wife Ms. Konda Mohini and his son Mr. Eshwar Konda who is M. tech (Automobile from Europe). The directors have adequate acumen about various aspects of business which is likely to benefit BAPL in the long run. Furthermore, the long track record has aided the company in having established relationship with Original Equipment Manufacturers (OEM).

Established track record of operations of BAPL and association with MSIL

BAPL has operational track record of more than two decades in the auto dealership business. The group is engaged in dealership business of Maruti Suzuki India Limited (MSIL)'s passenger vehicle segment. The company sells all the models and variants that are being introduced by manufacturers through ARENA and NEXA channels of MSIL along with two showrooms for True Value and two showroom of Light commercial vehicles of MSIL in Nellore and Chittoor districts in Andhra Pradesh. The company earns

a dealer margin of around 5-6% on the Passenger segment and a margin of around 10-12% on the sale of spare parts & accessories & 18% on the service income.

Low Counter-party credit risk

The company is not exposed to credit risk as the customer profile mainly consists of the retail customers who get their major part of the vehicle cost financed by a bank or a NBFC. The vehicle is released from the showroom only when the delivery order or the sanction letter from the bank is produced by the customer. The company is then being paid by the lender within 15 days. Hence the credit risk is mitigated.

Liquidity: Not applicable

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

About the company and industry

Industry classification

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

Bhargavi Automobiles Private Limited (BAPL) is Nellore based auto dealership company incorporated in January 1997 by Mr. Konda Balarama (Chairman). The company is and authorised dealer for the sale of passenger vehicles of Maruti Suzuki India Limited (MSIL) of Maruti Arena and Nexa brands in Nellore and Chittoor districts. The company has set up showrooms and service centres with international standards as per the New CI norms with five models in NEXA brand. It provides 3s facility (Sales, Spares and Service) and runs true value stores and two driving schools each in Nellore and Chittoor.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	263.46	250.68	105.33
PBILDT*	10.29	11.94	7.15
Profit after tax (PAT)	2.17	2.17	1.67
Overall gearing (x)	2.48	3.12	NA
Interest coverage (x)	1.94	1.79	1.83

A: Audited UA: Unaudited; 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-Cash Credit		-	-	-	35.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	April 2029	5.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	14.00	CARE BB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	35.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (10-Mar-25)	1)CARE BB+; Stable (06-Mar-24)	1)CARE BB; Stable (23-Mar-23)
2	Fund-based - LT-Term Loan	LT	5.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (10-Mar-25)	1)CARE BB+; Stable (06-Mar-24)	1)CARE BB; Stable (23-Mar-23)
3	Fund-based - LT-Working Capital Limits	LT	14.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (10-Mar-25)	-	-

*Issuer did not cooperate; based on best available information.

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-Term Loan	Simple
3	Fund-based - LT-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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