K. P. Automotives Private Limited

August 05, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	4.75 (Reduced from 5.50)	CARE BB; Positive / CARE A4	Reaffirmed; Outlook revised from Stable
Long Term Bank Facilities	RBI	24.34 (Enhanced from 20.21)	CARE BB; Positive	Reaffirmed; Outlook revised from Stable
Short Term Bank Facilities	RBI	61.00 (Reduced from 64.50)	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of K. P. Automotives Private Limited (KPAPL) continue to remain constrained on account of its thin profit margins and significant dependence of its performance on the fortunes of its principal along with inherent competition associated with the automobile dealership industry.

However, ratings derive strength from improved capital structure and debt coverage indicators and adequate liquidity during FY26 (Provisional, period refers from April 01 to March 30). Ratings further continue to derive strength from moderate scale of operations, promoters' vast experience in the automobile dealership business and KPAPL's long-standing relationship with the leading Original Equipment Manufacturer (OEM), Maruti Suzuki India Limited (MSIL), in the passenger vehicle (PV) segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustaining scale of operations with improvement in profit before interest, lease rental, depreciation and tax (PBILDT) margin above 3.5%.
- Sustained capital structure marked by overall gearing below 3x

Negative factors

- Elongation in operating cycle above 60 days.
- Any adverse deterioration in capital structure marked by overall gearing above 5x due to increased dependence on working capital borrowing.

Analytical approach: Standalone

Outlook: Positive

The revision in the outlook from 'Stable' to 'Positive' factors CARE Ratings Limited's (CareEdge Ratings) expectation that KPAPL would sustain its operating performance and financial risk profile. The outlook may be revised to 'Stable' with increased dependence on working capital utilisation leading to deterioration in its capital structure and liquidity profile.

Detailed description of key rating drivers

Key weaknesses

Thin profit margins

KPAPL's profitability remained thin and range-bound on account of the inherently low-margin trading nature of the automobile dealership business. PBILDT margin remained moderate at 2.42% in FY26 against 2.28% in FY25. Consequently, PAT margin remained thin at 0.48% in FY26 against 0.22% in FY25 with high finance costs. Going further, profitability is expected to continue to remain thin.

Significant dependence of its performance on the fortunes of its principal along with inherent competition associated with the automobile dealership industry

Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market viz MSIL, Tata Motors, Hyundai, Honda, Toyota etc. in the PV segment. OEMs are encouraging more dealerships to improve penetration and sales, thereby increasing competition amongst dealers. Entry of the global players in the Indian market has further intensified the competition, hence, OEMs offer various discount schemes to attract customers. Due to very high competition in the industry,

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

dealers are also forced to pass on discounts and exchange schemes to attract customer as this is a volume driven business. Furthermore, dealers' fate is also linked to the industry scenario and performance of OEMs. KPAPL is dealer of MSIL, and it derives its TOI largely from sale of MSIL's passenger cars. Hence, performance and prospects of KPAPL is highly dependent on MSIL being its principal.

Key strengths

Improvement in capital structure and debt coverage indicators

Capital structure improved, marked by an improvement in overall gearing ratio to 2.54x as on March 31, 2026, against 5.08x as on March 31, 2025, supported by a reduction in total debt to Rs.53.10 crore as on March 31, 2026, from Rs.93.96 crore as on March 31, 2025. The reduction in total debt was driven by low utilisation of working capital limits in FY26. Utilisation of working capital limits stood high in FY25 primarily due to high inventory levels as on March 31, 2025. However, improving demand following the GST rate reduction led to a reduction in inventory levels, which in turn lowered working capital utilisation and total debt in FY26. Consequently, debt coverage indicators also improved, with total debt to gross cash accruals (TDGCA) improving to 9.64x in FY26 from 22.46x in FY25.

CareEdge Ratings expects KPAPL's capital structure and debt coverage indicators to remain in line in the near term, supported by controlled inventory levels, prudent working capital utilisation, and moderate dependence on debt funding.

Improved scale of operations

KPAPL's scale of operations improved but remained moderate, with Total Operating Income (TOI) increasing to Rs.508.45 crore in FY26 from Rs.479.15 crore in FY25. While overall vehicle sales remained largely stable at 7,555 cars in FY26 compared to 7,602 cars in FY25, new car sales increased to 6,447 cars in FY26 from 6,100 cars in FY25, which supported revenue growth during the year. CareEdge Ratings expects KPAPL's scale of operations to improve in the near term, supported by steady vehicle demand and the introduction of new car models, which are expected to support revenue growth.

Vast experience of the promoters in the automobile dealership business

The overall management of KPAPL is looked after by Mr. K.K. Poddar, Managing Director, who has an experience of around one and a half decades in the automobile dealership business. Mr. K.K. Poddar is ably supported by his sons Mr. Shashank Poddar and Mr. Rishi Poddar who have experience of around one and a half decades and one decade respectively in automobile dealership business. They in turn are supported by well qualified and experienced management team.

Established track record of operations with long standing association with its principal

KPAPL is engaged in automobile dealership business and has a long-standing association with its principal MSIL since 2000. KPAPL currently operates two Arena showrooms, ten 3-s (Sales, Service and Spares) outlets, four 2s outlets, one NEXA showroom, two True value outlets and two recently added Nexa studios. The company also operates 2 true value (pre-owned car) outlets at Jaipur which are located within the existing showroom premises. The company also operates one NEXA showroom in Jaipur.

Liquidity: Adequate

Liquidity position stood adequate, supported by moderate utilisation of working capital limits, adequate cash accruals against nominal repayment obligations, and healthy cash flow from operations during FY26. Gross cash accruals (GCA) stood at ~Rs.5.5 crore in FY26 against nominal debt repayment obligations of ~Rs.1.50 crore arising in FY27. Inventory and receivables remained elevated as on March 31, 2025, on account of inventory push by the principal supplier, MSIL, during FY25. These inventories were liquidated and receivables were collected in FY26, resulting in lower inventory and collection days and an improved operating cycle. Cash flow from operations stood positive at Rs.49.27 crore in FY26 as against negative Rs.13.87 crore in FY25, primarily due to realisations from inventory. Unencumbered cash and bank balance remained at Rs.1.89 crore as on March 31, 2026. Liquidity ratios stood moderate, with current ratio and quick ratio at 1.05x and 0.57x, respectively, as on March 31, 2026.

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 company and industry

Industry classification

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

Jaipur-based K.P. Automotives Private Limited (KPAPL) was incorporated in 2000 by Mr. K.K. Poddar and his son Mr. Shashank Poddar with an objective to commence automobile dealership business. The company was awarded dealership of MSIL for Jaipur, Rajasthan in 2000. The company also operates a Maruti Driving school in Jaipur. The promoters also promote Shrerit Auto Private Limited, which has auto-dealership for Honda two-wheelers in Jaipur since 2007.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (P)
Total operating income	479.15	508.45
PBILDT*	10.94	12.28
Profit after tax (PAT)	1.06	2.43
Overall gearing (x)	5.08	2.54
Interest coverage (x)	1.48	1.82

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	18.00	CARE BB; Positive
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-01-2031	6.34	CARE BB; Positive
Fund-based - ST-Working Capital Limits	RBI	Simple	-		-	-	25.00	CARE A4
Fund-based - ST-Working Capital Limits	RBI	Simple	-		-	-	12.00	CARE A4
Fund-based - ST-Working Capital Limits	RBI	Simple	-		-	-	24.00	CARE A4
Non-fund-based - LT/ ST-Bank Guarantee	RBI	Simple	-		-	-	4.75	CARE BB; Positive / 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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	18.00	CARE BB; Positive	-	1)CARE BB; Stable (08-Jul-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE BB+; Positive (04-Apr-24)	-
2	Fund-based - ST-Working Capital Limits	ST	25.00	CARE A4	-	1)CARE A4 (08-Jul-25)	1)CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE A4+	-

							(04-Apr-24)	
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	4.75	CARE BB; Positive / CARE A4	-	1)CARE BB; Stable / CARE A4 (08-Jul-25)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE BB+; Positive / CARE A4+ (04-Apr-24)	-
4	Fund-based - ST-Working Capital Limits	ST	12.00	CARE A4	-	1)CARE A4 (08-Jul-25)	1)CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE A4+ (04-Apr-24)	-
5	Fund-based - ST-Working Capital Limits	ST	24.00	CARE A4	-	1)CARE A4 (08-Jul-25)	1)CARE A4+; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE A4+ (04-Apr-24)	-
6	Fund-based - LT-Term Loan	LT	6.34	CARE BB; Positive	-	1)CARE BB; Stable (08-Jul-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE BB+; Positive (04-Apr-24)	-

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

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About us:
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