Kuldeep Motors Kanpur LLP

August 24, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	81.90 (Enhanced from 45.00)	CARE BB; Stable / CARE A4	Reaffirmed
Long Term Bank Facilities	RBI	4.10 (Reduced from 7.79)	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to the bank facilities of Kuldeep Motors Kanpur LLP (KMKL) continue to factor in low profitability margin and weak financial risk profile marked by leveraged capital structure and weak debt coverage indicators. Further, the ratings are also constrained by risk associated with pricing constraints and margin pressure arising out of competition from multiple auto dealers in the market and the cyclicality associated with the automobile industry. However, these weaknesses are partially offset by experienced promoters along with KMKL's long-standing association with strong brand value of Maruti Suzuki India Limited (MSIL), established business presence in Uttar Pradesh and growing scale of operations further expected to be supported by planned expansion of the workshop network

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent growth in the scale of operations along with PBILDT margin of above 4.00% on sustained basis.
- Improvement in the capital structure with Total debt/PBILDT of less than 6x on a sustained basis.

Negative factors

- Any significant deterioration in the capital structure of the firm as marked by overall gearing ratio of above 5.00x.
- Decline in scale of operations and profitability margins as marked by PBILDT margin below 2.00% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that the entity will continue to benefit from its experienced promoters and is likely to maintain a sustainable credit risk profile and liquidity position.

Detailed description of key rating drivers

Key weaknesses

Leveraged capital structure with further moderation in gearing and weak debt coverage indicators

The capital structure of the firm remained leveraged during FY26 as reflected by overall gearing ratio of 4.72x, as of March 31, 2026, against 3.41x, as at March 31,2025. The moderation in capital structure is on account of increase in working capital utilization at FY26 end, attributable to advance given to MSIL for procuring inventory due to higher OEM dispatches from Maruti Suzuki India Limited. Further, extended customer credit to support sale, led to a stretch in receivables. This trend was largely seasonal, in line with typical year end dynamics in the automobile dealership industry. KMKL's net-worth remains modest at ₹15.84 crores as at March 31, 2026, increased from ₹14.71 crores owing to accumulation of profits. The debt-coverage indicators remained weak as total debt/GCA and interest coverage ratio stood at 26.39x (PY:17.46x) and 1.57x (1.64x) respectively during FY26.

Moderation in profitability margins during FY26

Despite the growth in scale of operations, KMKL's profitability margins are thin due to the inherent nature of the auto dealership business, where revenues are primarily driven by car volumes, but profits come from the sale of spares, accessories, and service income, as the latter fetches higher profit margins. Additionally, dealers have limited negotiating power with the principal and have no control over the vehicle's selling price, which is set by Maruti**.** Profitability margins continued to be moderated though

[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.

marginally during FY26 as reflected by PBILDT Margins of 3.31% (PY:3.86%) on account of increase in employee costs driven by increased incentives, coupled with higher discounts extended to customers amid competitive market conditions.

Intense competition, limited pricing flexibility and cyclicality in the automobile industry

The firm operates in a highly competitive and cyclical automobile industry, characterised by limited pricing flexibility as vehicle base prices are largely determined by OEMs. Intense competition from established dealers and the increasing presence of global OEMs in the Indian market may necessitate higher discounts, exchange benefits and promotional schemes to maintain market share, thereby exerting pressure on dealer margins and profitability. The firm's presence in catchment areas with relatively lower market penetration further limits its ability to pass on cost increases and sustain margins. Further, demand for passenger vehicles remains sensitive to economic growth, consumer sentiment, interest rates and fuel prices. Higher interest rates increase vehicle financing costs, while elevated fuel prices can reduce consumers' disposable income and defer vehicle purchases. Changes in government policies and regulations may also impact vehicle demand. Accordingly, the firm's operating performance and profitability remain exposed to competitive intensity, limited pricing flexibility and cyclical fluctuations in automobile demand.

Key strengths

Growing scale of operations

The total operating income (TOI) of the firm increased to ₹242.14 crore (PY: ₹181.31 crore) in FY26 reporting a y-o-y growth of ~34%. The increase in total operating income is mainly on account of increase in demand of passenger vehicles driven by GST rate cuts effected from September 2025. The firm sold 3,986 vehicles in FY26 compared to 3,005 vehicles in the previous year. KMKL has booked TOI of ~₹89 crores during 4MFY27. During this period, around 1430 vehicles have been sold. The revenue is expected to further improve in medium term supported by addition in showroom, workshops and True value outlet for which capex of ~₹5 crore has been incurred during FY26 and expected capex of ₹5 crore is planned for FY27, to be funded by capital infusion by promoters in the form of equity as well as unsecured loans Additionally, KMKL's performance is strongly correlated with Maruti Suzuki's success, which maintains a substantial market share in the Passenger Vehicle (PV).

Experienced promoters with a long-term association with MSIL

The promoters have over four decades of experience in the automobile dealership business through their association with this firm and other group entities engaged in similar business. They are in turn supported by well qualified and experienced management team. Also, KMKL is an authorized dealer of Maruti Suzuki India Limited (MSIL) and KMKL's performance is strongly correlated with the performance of its principal’s vehicles in the market and their ability to launch new products as per the market dynamics. MSIL is one of the largest automobile manufacturers and a leading player in the passenger vehicle (PV) segment reflected by its substantial market share. Thus, strong brand value of Maruti enables the firm to gain access to wide customer base and healthy demand of its products.

Liquidity: Stretched

The liquidity of the firm is stretched, marked by low current ratio and high utilization of its working capital. While the current ratio was at 1.09x, KMKL’s working capital limits of ₹77 crores were utilised at around 86% during last 12 months ended May, 2026. The firm had unencumbered cash and bank balance of around ₹9.03 crore as on March 31, 2026. The firm is planning to incur capex to the tune of ~₹5 crore pertaining to construction of Nexa showroom, True Value outlet and Nexa workshop in Fatehpur which would be funded through unsecured loans, equity and remaining from internal accruals.

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

Kanpur (Uttar Pradesh) based Kuldeep Motors Kanpur LLP(KMKL) was incorporated as a Limited Liability Partnership in the year September 06, 2018, by Mr. Harjeet Singh, Mr. Taranpal Singh and Mr. Saravjeet Singh. The firm is an authorized dealer of Maruti Suzuki India Limited (MSIL) for sale of passenger vehicles (PV) and its spare parts. The firm operates through its 3S (Sales, spare, & services) one showroom in Kanpur and one showroom in Fatehpur, along with five other retail outlets located at Jalaun, Purwa, Bhognipur, Konch and Amritpur (all in Uttar Pradesh). Further, the firm is also engaged in the refurbishment of second-hand vehicles through its Maruti Suzuki True Value outlets located at Kanpur (Uttar Pradesh), which are then certified by Maruti for further selling and purchasing. KMKL currently sells all models of Maruti through its showrooms/ outlets. The firm is having one workshop located at Kanpur (Uttar Pradesh) and one stock yard at Fazalganj (Uttar Pradesh).

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)	4MFY27 (UA)
Total operating income	181.31	242.14	89.37
PBILDT*	7.00	8.00	NA
Profit after tax (PAT)	1.40	1.60	NA
Overall gearing (x)	3.41	4.72	NA
Interest coverage (x)	1.64	1.57	NA

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

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-Term Loan	RBI	Simple	-	-	-	31-03-2032	4.10	CARE BB; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	81.90	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 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-Term Loan	LT	4.10	CARE BB; Stable	-	1)CARE BB; Stable (05-Jun-25)	-	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	81.90	CARE BB; Stable / CARE A4	-	1)CARE BB; Stable / CARE A4 (05-Jun-25)	-	-

LT: Long 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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