

Press Release
PODDAR CAR WORLD PRIVATE LIMITED
April 08, 2025
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	93.00	ACUITE BBB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	93.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) on the bank facilities of Rs.93.00 Cr. of Poddar Car World Private Limited (PCWPL). The outlook remains '**Stable**'.

Rationale for Rating

The company benefits from a long track record of operations and management with decades of experience in the automobile industry. The company experienced an increase in revenue during FY24 due to higher sales volume. The change in road tax policy in Assam hampered the company's operating performance during 11MFY25, affecting the entire automobile industry. PCWPL is adding new workshops and renovating existing ones, which is expected to provide revenue visibility over the medium term. The reaffirmation considers efficient working capital management, adequate liquidity and moderate financial risk profile with increased leverage expected during FY25, along with low coverage ratios.

However, being a trading entity, the company operates on thin margins, which is typical for the automobile dealership industry. PCWPL faces intense competition from other automobile manufacturers and is subject to volatility in raw material prices, particularly for automobile spare parts which continues to remain monitorable.

About the Company

Established in 2005, Poddar Car World Private Limited (PCWPL) serves as an authorized dealer of Maruti Suzuki India Limited. Commencing its operations in 2006, the company is backed by the Poddar family. Its presence extends across Assam and the northern regions of West Bengal. Presently, the company is under the directorship of Mr. Anup Poddar, Mr. Ankit Poddar, Ms. Richi Poddar, and Mr. Dikshit Poddar.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profile of Poddar Car World Private Limited (PCWPL).

Key Rating Drivers

Strengths

Long track record of operations and experienced management

The experienced directors possess nearly two decades of involvement in the automobile dealership sector through their leadership at PCWPL. With a commendable operational history since its establishment in 2006, PCWPL's extensive track record is viewed favourably by Acuite, indicating that the company is consistently expanding its operations and maintaining sustainable growth in the foreseeable future.

Efficient working capital cycle

The working capital cycle of the company is lean marked by Gross Current Assets (GCA) of 73 days for FY24 as against 55 days for FY23. The debtor days stood at 29 days as on March 31, 2024, as against 28 days as on March 31, 2023. Further, the inventory days stood at 38 days as on March 31, 2024, as against 19 days as on March 31,

2023. The inventory days was high because MSIL pushed for sales at the year end, leading to a higher volume of vehicle. Further, other current assets consist of advances to creditors for goods and services of Rs. 7.53 Cr, loans and advances of Rs.4.93 Cr. and others. Against this, the creditors stood at 18 days as on March 31, 2024, as against 2 days as on March 31, 2023. The company receives funds in advance and once the vehicles are sold, the payment is adjusted within 60 days. However, this has resulted in longer creditor days as the company uses the funds in the meantime to fund the working capital requirements. Acuite believes that the working capital operations of the company will remain at the similar levels over the medium term.

Above Average Financial risk profile

The financial risk profile of the company is marked by improved net worth, increased gearing and comfortable debt protection metrics. The tangible net worth of the company stood at Rs.54.41 Cr. as on March 31, 2024, as compared to Rs.46.81 Cr. as on March 31, 2023, due to accretion to reserves. The unsecured loans stood at Rs.5.21 Cr. in FY24 as against Rs.19.61 Cr. in FY23. The gearing of the company stood at 1.71 times as on March 31, 2024, as against 1.44 times as on March 31, 2023. The company has taken additional debt in FY2025 of Rs.10 Cr. for addition of new workshops and renovation of existing ones. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.98 times as on March 31, 2024, as against 1.86 times as on March 31, 2023. The debt protection metrics of the company remain comfortable marked by Interest coverage ratio (ICR) of 3.29 times and debt service coverage ratio (DSCR) of 2.84 times for FY2024. The net cash accruals to total debt (NCA/TD) stood healthy at 0.12 times in FY2024. Acuite believes that the financial risk profile will be moderate over the medium term supported by debt funded capex plans, increased leverage and low debt protection metrics.

Weaknesses

Decline in revenue and margins during FY25

The operating income of PCWPL stood at Rs.885.19 Cr. in FY24 as against Rs 699.86 Cr. in FY2023. The increase in revenue is because of increase in volume sold. The operating margin of the company stood at 2.18 percent in FY24 as against 2.34 per cent in FY23. The decline was due to increase in raw material costs, employee costs, incentives, rent and travelling expenses. The PAT margins stood at 0.88 percent in FY24 as against 0.98 percent in FY2023.

Further, the company has achieved revenues of ~Rs.699.29 Cr. till February 2025. The slowdown in revenue is due to changes in road tax policies in Assam. This significant rise in costs has been partially passed on to customers, resulting in decrease in sales. Acuite believes the profitability margins of the company will have moderation over the medium term.

Exposure to Intense Competition

The company is exposed to intense competition from other dealers of Maruti Suzuki India Limited (MSIL). The company is also facing competition from dealers of other automobile companies such as Hyundai Motor India Ltd, Kia India Private Limited and others. the company has experienced a notable decline in market share but launch of new models at competitive prices will likely retain their market share of MSIL.

Rating Sensitivities

- Growth in revenue with improvement in profitability margins
- Debt funded capex plan
- Elongation of working capital cycle

Liquidity Position

Adequate

The company has adequate liquidity marked by sufficient net cash accruals of Rs11.09 Cr. as on March 31, 2024, as against Rs. 0.02 Cr. long term debt obligations over the same period. Over the next 2 years, the company is expected to generate sufficient net cash accruals against debt repayment of ~Rs.1.50 Cr. annually. The cash and bank balance stood at Rs.2.11 Cr. for FY 2024. Further, the current ratio of the company stood comfortable at 1.16 times in FY2024. The bank limit of the company has been ~79 percent utilized for the last seven months ended January 2025. Moreover, the working capital management of the company is efficient marked by Gross Current Assets (GCA) of 73 days for FY24 as against 55 days for FY23. Acuite believes that the liquidity of the company will remain adequate over the medium term on account of decreasing but sufficient cash accruals against long term debt repayments and debt funded capex plans over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	885.19	699.86
PAT	Rs. Cr.	7.76	6.83
PAT Margin	(%)	0.88	0.98
Total Debt/Tangible Net Worth	Times	1.71	1.44
PBDIT/Interest	Times	3.29	3.24

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Jan 2024	Inventory Funding	Long Term	38.00	ACUITE BBB Stable (Upgraded from ACUITE BB+)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Upgraded from ACUITE BB+)
	Inventory Funding	Long Term	30.00	ACUITE BBB Stable (Upgraded from ACUITE BB+)
	Inventory Funding	Long Term	20.00	ACUITE BBB Stable (Upgraded from ACUITE BB+)
06 Jun 2023	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Proposed Long Term Bank Facility	Long Term	0.35	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Inventory Funding	Long Term	19.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Cash Credit	Long Term	0.15	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Inventory Funding	Long Term	15.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Inventory Funding	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Inventory Funding	Long Term	43.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
17 Mar 2022	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3+ (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.35	ACUITE BBB Stable (Assigned)
	Inventory Funding	Long Term	19.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	0.15	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Inventory Funding	Long Term	15.00	ACUITE BBB Stable (Assigned)
	Inventory Funding	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Inventory Funding	Long Term	43.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	38.00	Simple	ACUITE BBB Stable Reaffirmed

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About Acuité Ratings & Research

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