



Press Release
SHREE GOPINATHJI MOTORS PRIVATE LIMITED
December 01, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	81.00	ACUITE BB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	81.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE BB-' (read as ACUITE double B Minus)** on the Rs. 81.00 Cr. bank facilities of Shree Gopinathji Motors Private Limited (SGMPL). The outlook is '**Stable**'.

Rational for rating

The rating reaffirmation reflects company's rangebound operating performance and average financial risk profile. The rating continues to draw comfort from the management's extensive experience in the Auto dealership business. Liquidity remains adequate, supported by moderate reliance on short-term EDFs financing for growth. However, these strengths are partially offset by the company's average financial risk profile, marked by low net worth, high gearing, and moderate debt protection metrics. Additionally, the industry in which SGMPL operates is highly competitive, with constrained operating margins as prices are controlled by OEMs. Going forward, the company's ability to improve operating profitability and maintain efficient working capital management will be a key rating monitorable.

About the Company

Shree Gopinathji Motors Private Limited (SGMPL) has been an authorized dealer of Kia Motors India since 2018. The company operates dealerships across Gujarat in Vadodara, Bharuch, and Godhra. In addition to new car sales, SGMPL is engaged in the resale of used cars, sale of automotive spare parts, and after-sales service. The showrooms are owned by its group company, Shree Gopinathji Agencies. The current directors of the company are Mr. Mayur C. Gandhi, Mrs. Divya M. Gandhi, Mr. Anant M. Gandhi, and Mrs. Hinal A. Gandhi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Shree Gopinathji Motors Private limited to arrive at the rating.

Key Rating Drivers

Established track record of operations and Experienced Management

The promoter of the group - Shree Gopinathji has been into the dealership business for the last thirty-five years by acquiring various dealerships over the years. The group currently also hold the dealerships of Honda Cars India and Renault India Private Ltd, which are registered with other group companies. This extensive experience of the promoter will help them to scale up business going forward by having better understanding of the industry. The current promoters of the company are Mr. Mayur C Gandhi, Mrs. Divya M Gandhi, Mr. Anant M Gandhi, and Mrs. Hinal A Gandhi.

Stable Revenues and overall profitability

The company's revenue remained stable at Rs. 250.16 crore in FY2025 compared to Rs. 250.69 crore in FY2024, reflecting moderation due to steady demand and easy availability of certain Kia models. In contrast, FY2023 witnessed exceptional demand for models such as Seltos, Carens, Carnival, and Sonet, driven by strong customer interest. SGMPL recorded revenue of Rs. 144.16 crore in 7MFY2026 and aims to achieve an estimated Rs. 260 crore for FY2026, supported by the planned introduction of the new Kia EV6 model, which is expected to boost sales and revenue growth. The operating profit margin improved marginally to 2.83 per cent in FY2025 from 2.62 per cent in FY2024, while the PAT margin rose to 0.59 per cent from 0.40 per cent, reflecting the combined impact of revenue stability and operational improvements on overall profitability. Acuite believes that the company's ability to improve its operating income and overall profitability margins will be a key rating monitorable.

Efficient Working Capital Management

The company's working capital management remains efficient, with gross current assets (GCA) days at 46 in FY2025 compared to 58 in FY2024. Inventory levels stood at 34 days in FY2025 against 41 days in FY2024, with the typical holding period of around 30 days for resale of used cars and spare parts. The debtor collection period was 3 days in FY2025 versus 1 day in FY2024, while creditor days increased to 7 days from 3 days during the same period. The company primarily uses the EDFs facility to purchase automobiles, requiring upfront payment to the OEM. Consequently, reliance on working capital limits under EDFs is reflected in an average utilization of ~76.23 per cent for the six months ended September 2025. Acuite believes, the operations of the company are expected to remain working capital efficient over the medium term due to nature of the business.

Weaknesses

Average Financial risk profile

The company's financial risk profile remains average, characterized by low net worth, high gearing, and moderate debt protection metrics. Tangible net worth stood at Rs. 14.10 crore as on March 31, 2025, compared to Rs. 12.61 crore as on March 31, 2024. Total debt stood at Rs. 43.79 crore as on March 31, 2025, comprising long-term debt of Rs. 18.13 crore, short-term debt of Rs. 24.68 crore, and maturing obligations of Rs. 0.98 crore. The debt level is expected to rise due to a new term loan of Rs. 7.80 crore taken for land acquisition near Baroda Airport. Gearing (debt to equity) stood high at 3.11 times as on March 31, 2025, against 3.88 times in the previous year. Interest coverage ratio (ICR) improved to 1.75 times in FY2025 from 1.52 times in FY2024, while debt service coverage ratio (DSCR) stood at 1.15 times compared to 1.40 times. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.06 times in FY2025 against 0.04 times in FY2024. Acuite believes, the financial risk profile of the company would remain average due to low net worth base.

Highly competitive industry with price controlled by OEMs

The companies in this dealership industry have limited operating and profitability margins as prices are controlled majorly by OEMs, depending on the volumes sold by the dealers. The fate of the companies in the industry is extremely dependent on the performance of the OEMs and their market share in the industry. The Automobile industry is very much cyclical in nature and faces a stiff competition from rivals on pricing and features. Any increases in prices by the OEMs can affect the business performance of the dealers. SGMPL currently operates only in a few cities. So, going forward SGMPL needs to increase the dealership reach in other cities to increase realizations for the company. Further, the company faces a stiff competition

from the other dealers of same OEM and any other OEMs. Acuite believes that the margins of SGMPL may continue to remain at similar levels going forward due to the nature of the business.

Rating Sensitivities

- Increasing market share of the OEM in the region where SGMPL operates.
- Any changes in business and financial risk profile of the OEM.
- Significant improvement in scale of operations and profitability margins.
- Changes in financial risk profile or higher than expected working capital requirements.

Liquidity Position Adequate

The company's liquidity position is adequate, supported by net cash accruals against its maturing debt obligations. SGMPL reported net cash accruals of Rs. 2.66 crore against debt obligations of Rs. 1.78 crore for the same period. Working capital management remains efficient, with GCA days at 46 days in FY2025 compared to 58 days in FY2024. Reliance on working capital limits under EDFs is reflected in an average utilization of ~76.23 per cent for the six months ended September 2025. The company also maintains unencumbered cash and bank balances of Rs. 1.45 crore as on March 31, 2025. The current ratio stood at 0.92 times as on March 31, 2025, compared to 1.04 times as on March 31, 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	250.16	250.69
PAT	Rs. Cr.	1.49	1.00
PAT Margin	(%)	0.59	0.40
Total Debt/Tangible Net Worth	Times	3.11	3.88
PBDIT/Interest	Times	1.75	1.52

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

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, Acuite 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
02 Sep 2024	Term Loan	Long Term	20.89	ACUITE BB- Stable (Downgraded from ACUITE BB Stable)
	Cash Credit	Long Term	58.75	ACUITE BB- Stable (Downgraded from ACUITE BB Stable)
	Proposed Cash Credit	Long Term	1.36	ACUITE BB- Stable (Downgraded from ACUITE BB Stable)
09 Aug 2023	Term Loan	Long Term	21.70	ACUITE BB Stable (Assigned)
	Cash Credit	Long Term	35.00	ACUITE BB Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BB Stable (Assigned)
	Proposed Cash Credit	Long Term	14.30	ACUITE BB 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
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	58.75	Simple	ACUITE BB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.15	Simple	ACUITE BB- Stable Reaffirmed
AXIS BANK LIMITED	Not avl. / Not appl.	Term Loan	31 Mar 2022	Not avl. / Not appl.	10 Mar 2039	19.10	Simple	ACUITE BB- Stable Reaffirmed

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About Acuité Ratings & Research

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