

August 20, 2025

Kongovi Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund Based – Term Loan	32.35	36.13	[ICRA]BBB (Stable); reaffirmed and assigned for enhanced limits
Long Term – Fund Based – Cash Credit	37.00	35.00	[ICRA]BBB (Stable); reaffirmed
Short Term – Interchangeable Limits	(3.00)	(5.00)	[ICRA]A3+, reaffirmed and assigned for enhanced limits
Total	69.35	71.13	

*Instrument details are provided in Annexure-I

Rationale

The rating action for Kongovi Private Limited (KPL) factors in its moderate yet sustained revenue growth and stable financial risk profile, which is further supported by the company's diversified product mix. The ratings are also supported by the extensive experience and track record of KPL's promoters in the chrome-plated automotive accessories business, enabling it to develop established relationships with key customers, including reputed original equipment manufacturers (OEMs) namely Toyota, Volkswagen (VW), Bentley and Nissan and others.

Product mix diversification in the form of a paint shop, which is expected to commence production from October 2025, coupled with new client acquisitions, is expected to drive future growth, which is likely to sustain in the near to medium term. The company also benefits from its diversified geographical presence in the domestic and international markets. KPL's revenue rose by around 6% to Rs. 95.6 crore in FY2025, largely supported by domestic sales growth, expansion of product lines, and the addition of new customers. While the debt-backed capex is expected to start generating returns from FY2026, the debt metrics are expected to moderate marginally. However, profitability is expected to improve given the margin-accretive nature of the product. Nonetheless, timely commissioning and scale-up of the same would be of key importance.

The ratings, however, remain constrained by the company's moderate scale of operations, with revenues of Rs. 95.6 crore in FY2025, leading to limited economies of scale. While some improvement was seen in FY2025, KPL's coverage indicators still remained moderate owing to relatively higher debt levels and scheduled repayment obligations. The ratings continue to factor in the company's working capital-intensive nature of operations, driven by its elongated receivables position and high inventory holding. Nonetheless, some improvement is expected in its working capital intensity with the likely increase in domestic sales as well as raw material sourcing.

The Stable outlook on the long-term rating reflects ICRA's expectation that KPL will continue to benefit from its established relationships with key customers and the stable demand outlook for the industry, enabling it to report higher revenue growth, steady internal cash generation, and improvement in its debt protection metrics in the near to medium term.

Key rating drivers and their description

Credit strengths

Established operational track record and extensive experience of the promoters in the chrome-plated automotive accessories business — Established in 1974, KPL has an established track record in the electroplated plastic components business for interior and exterior applications in vehicles. The company produces components like grills, logos, garnishes, door

handle covers, gear knobs, mirror scalps, fog covers etc. Over the years, it has established relationships with its key customers and suppliers. Also, it benefits from the extensive experience of the promoters in this line of business.

Established relationships with key customers, which include reputed OEMs — Operating in the electroplated plastic components business for almost five decades, the company has established strong relationships with its clientele, which includes reputed OEMs such as Toyota, Bentley, Volkswagen, and Nissan, among others. The company has also acquired Mercedes-Benz as a client, from which it expects margin-accretive business. Further, KPL enjoys sole supplier status for certain components of some models. Its established association with key customers and proven operational track record help it secure repeat orders from clients. The company is currently onboarding several OEMs, which are in the pipeline. However, the process is time-consuming due to the extended timelines involved in product development and securing necessary approvals.

Diversification of revenue stream, given presence in both domestic and export markets — KPL's revenue stream is well diversified as it caters to both the domestic and the export markets. In FY2025, exports accounted for 21% of the total revenues. While the share of exports has reduced over the past few years, healthy growth in domestic revenues has supported KPL's overall growth.

Credit challenges

Moderate scale of operations, leading to limited economies of scale — The company's scale of operations remains moderate (revenue of Rs. 95.6 crore in FY2025) compared to the size of the industry, which results in relatively limited economies of scale. Moreover, the company's addressable market is smaller than other auto components players. As KPL derives its entire revenues from the PV industry, it remains exposed to the cyclicity inherent in this segment.

Moderate coverage indicators due to debt-funded capex — Notwithstanding some improvement in FY2024, coverage indicators continued to remain moderate with DSCR of 2.1 times and TD/OPBITDA of 2.8 times in FY2025. Going forward, the debt levels are expected to remain relatively high as the company is expected to incur debt-funded capex to enhance its capacities and widen its product mix. Nonetheless, with scale-up in operations and improvement in accrual generation, the company would be comfortably able to meet the repayment obligations.

High working capital intensity — KPL's working capital intensity continued to remain high, with NWC/OI of 56.4% in FY2025 (against 58.6% in FY2024). The working capital intensity is expected to remain in the range of 53–56% in the near term but is expected to improve going forward with a more efficient working capital cycle. The gradually declining share of exports, alongside rising domestic sales, is expected to result in a reduction in receivable days going forward.

Liquidity position: Stretched

The company had a modest cash balance of Rs. 0.06 crore as on March 31, 2025 and almost negligible buffer in the working capital limits. The company's retained cash flow in FY2026 is expected to be Rs. 12-13 crore, and the repayment obligations are around Rs. 4-5 crore, which is expected to be serviced comfortably. Besides, for the future planned capex, the company has already tied up term debt and therefore, it will not exert pressure on liquidity going forward.

Rating sensitivities

Positive factors – ICRA could upgrade KPL's ratings if the company reports a healthy increase in the scale of operations and cash flow generation, resulting in an improvement in its liquidity position and debt protection metrics on a sustained basis. Specific credit metrics that could lead to an upgrade in ratings include total debt/OPBITDA below 2.5 times on a sustained basis.

Negative factors – Pressure on KPL's ratings could arise if there is considerable decline in its cash flows, or higher-than-anticipated debt-funded capex and elongation of the working capital cycle, resulting in weakening of its liquidity position and debt protection metrics on a sustained basis. Specific credit metrics that could lead to ratings downgrade include total outside liabilities (TOL)/tangible net worth (TNW) greater than 1.8 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of KPL.

About the company

Established in 1974, Kongovi Private Limited (KPL) is a closely held company, promoted by Mr. S. Kongovi and his family members. KPL initially manufactured rims for spoke wheels, primarily for TVS Motors, and gradually diversified into electroplating and plastic injection moulding. At present, the company is engaged in the production of chrome-plated automotive plastic components, both for interior and exterior applications, for the OEMs of the passenger car industry. KPL supplies trims for interior and exterior applications, which are used for aesthetic appeal. The components include accessories such as grills, logos, garnishes, door handle covers, gear knobs, body mouldings, mirror scalps and fog-covers, which are supplied to reputed OEMs such as Toyota, Hyundai, Volkswagen and Bentley. The company's shareholders are Mr. Sameer Kongovi (43.15%), Mr. Srinivas Kongovi (42.09%) and Ms. Gayathri Kongovi (14.76%).

Key financial indicators (audited/Provisional)

KPL	FY2024	FY2025*
Operating income	90.5	95.6
PAT	5.9	6.2
OPBDIT/OI	20.4%	20.2%
PAT/OI	6.5%	6.5%
Total outside liabilities/Tangible net worth (times)	1.1	1.0
Total debt/OPBDIT (times)	3.0	2.8
Interest coverage (times)	3.9	4.3

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes, and amortisation; Amount in Rs. crore, *provisional numbers

Note: All financial ratios as per ICRA's calculation

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current year (FY2026)		Chronology of rating history for the past 3 years						
		Amount Rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	36.13	Aug 20, 2025	[ICRA]BBB (Stable)	May 02, 2024	[ICRA]BBB (Stable)	Apr 03, 2023	[ICRA]BBB (Stable)	-	-
Cash Credit	Long Term	35.00	Aug 20, 2025	[ICRA]BBB (Stable)	May 02, 2024	[ICRA]BBB (Stable)	Apr 03, 2023	[ICRA]BBB (Stable)	-	-
Interchangeable Limits	Short Term	(5.00)	Aug 20, 2025	[ICRA]A3+	May 02, 2024	[ICRA]A3+	Apr 03, 2023	[ICRA]A3+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund Based – Term Loan	Simple
Long Term – Fund Based – Cash Credit	Simple
Short Term – Interchangeable Limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	FY2020 - FY2023	9.5% – 10%	FY2029	36.13	[ICRA]BBB (Stable)
NA	Cash Credit	NA	NA	NA	35.00	[ICRA]BBB (Stable)
NA	Interchangeable Limits	NA	NA	NA	(5.00)	[ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Nishant Misra

+91 124 4545 862

nishant.misra@icraindia.com

Vishal Balabhadruni

+91 40 6939 6417

vishal.balabhadruni@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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