November 25, 2025

Malwa Automotives Private Limited: Rating reaffirmed; rated amount enhanced; removed from Issuer Not Cooperating

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – fund-based – Cash credit	18.00	46.57	[ICRA]B+ (Stable); reaffirmed and removed from Issuer Not Cooperating category; assigned for enhanced amount
Long-term – Unallocated limits	-	3.43	[ICRA]B+ (Stable); assigned
Total	**18.00**	**50.00**	

**Instrument details are provided in Annexure I*

Rationale

Malwa Automotives Private Limited's (MAPL) rating has been removed from the Issuer Not Cooperating category following the company's cooperation in providing the requisite information for the rating exercise. The rating action factors in MAPL's healthy revenue growth and improvement in its overall financial risk profile over the years, along with ICRA's expectations that the company will continue to witness steady revenue growth in the near to medium term, supported by commencement of dealership of passenger vehicles (PVs) of Build Your Dreams (BYD) in July 2025. Nevertheless, the rating draws comfort from MAPL's established position as a leading dealer of Jaguar Land Rover (JLR) and BYD in its catchment area, its robust healthy revenue growth and the extensive experience of its promoters in the automobile dealership business.

The rating is, however, constrained by the inherently thin margins in the automobile dealership business, given the limited bargaining power with original equipment manufacturers (OEMs). MAPL's profit margins have been declining over the years owing to the contraction in margins offered by JLR and an increase in operating expenses over the years. The rating also factors in the company's weak financial profile, characterised by a modest net worth and high reliance on working capital borrowings. Additionally, there is intense competition among dealers of various OEMs within its catchment area.

The Stable outlook on the [ICRA]B+ rating reflects ICRA's opinion that MAPL will continue to grow its turnover with range-bound profitability levels on the back of stable demand levels.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in dealership business – MAPL is part of the Malwa Group, promoted by the Sharma family. The promoters have an extensive experience of over four decades in the automobile dealership business. The Group operates dealerships for multiple OEMs, including Hyundai Motor India Limited, Honda Cars India Limited, and Tata Motors Limited, across Delhi and other parts of North India.

Strong market position as one of the leading authorised dealers of JLR and BYD in its catchment area –MAPL enjoys an established market position as one of the largest authorised dealers of Jaguar Land Rover (JLR) in Haryana. The company's revenues have increased significantly, registering around 102% growth in FY2025 to around Rs. 166 crore, following around 67% growth in FY2024 over FY2023. ICRA expects MAPL to continue witnessing moderate revenue growth in the near to medium term, supported by the addition of BYD showroom in July 2025.

Credit challenges

Thin and deteriorating profit margins – In the automobile dealership business, profit margins remain inherently thin as vehicle trading dominates the revenue mix. This is reflected in MAPL's operating profit margin (OPM) of around 2.6% in FY2025, a decline from 4.6% in FY2024, indicative of the limited bargaining power of dealers. The OPM is likely to remain 2-3% in the medium term.

Weak financial risk profile – MAPL's financial risk profile remains weak due to high reliance on working capital debt and thin earnings. MAPL reported a modest net worth of Rs. 7.8 crore as on March 31, 2025, against total debt of Rs. 32.2 crore, resulting in a high gearing of 4.1 times. The reliance on working capital borrowings to fund inventory and receivables leads to elevated debt levels, while coverage indicators remain subdued, with interest coverage of about 1.4 times and DSCR of about 1.2 times in FY2025. The inherently low profitability of the dealership business further constrains the company's ability to generate adequate internal accruals for debt servicing and future expansion.

Vulnerable to inherent cyclicality in automobile industry and competition from dealers of other OEMs – MAPL remains exposed to the cyclical nature of the automobile industry. Further, the automotive dealership industry is highly fragmented, characterised by intense competition among dealerships of various OEMs. MAPL, given its modest scale of operations, also faces competition from the unorganised used-car market and from dealers of other leading luxury passenger car manufacturers within its catchment area.

Liquidity position: Stretched

MAPL's liquidity is stretched, evident from around 89% average utilisation of fund-based limits during the 12-month period ending in October 2024, low profitability and limited free cash. The company has moderate repayment obligation in FY2026. The expected cash flows and need-based support, in the form of unsecured loans from the promoters, would be critical in meeting any cash flow mismatch.

Rating sensitivities

Positive factors – The rating could be upgraded if the company demonstrates a healthy growth in revenue and earnings, resulting in an improvement in its profitability indicators and debt coverage metrics on a sustained basis. Interest coverage above 1.8 times on a sustained basis could also lead to rating upgrade.

Negative factors – The rating may be downgraded if there is a significant decline in the company's revenue and profitability, thus deteriorating its overall financial profile and liquidity position on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Automobile Dealers
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 2012, MAPL is part of the Malwa Group and currently operates two exclusive 3S (sales, service, and spare parts) showrooms—one for JLR located in Karnal, Haryana, and another for BYD, which commenced operations in July 2025 in Delhi. Both showrooms are exclusive within their respective catchment areas. The company's promoters have extensive experience of over five decades in the automobile business. The Malwa Group operates dealerships for multiple OEMs, including Hyundai Motor India Limited, Honda Cars India Limited, and Tata Motors Limited, across Delhi and other parts of North India. In addition to automobile dealerships, the Group has diversified interests in automobile financing, fuel trading, and infrastructure.

Key financial indicators (audited)

MAPL	FY2024	FY2025
Operating income	82.2	166.5
PAT	0.4	0.8
OPBDITA/OI (%)	4.6%	2.9%
PAT/OI (%)	0.5%	0.5%
Total outside liabilities/Tangible net worth (times)	7.0	5.2
Total debt/OPBDITA (times)	6.7	6.8
Interest coverage (times)	1.3	1.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA

CRA	Status	Date of Release
CRISIL	[CRISIL]B+ (Stable); ISSUER NOT COOPERATING	October 24, 2025

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount Rated (Rs Crore)**	**Nov 25, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund based-Cash credit	Long - term	46.57	[ICRA]B+ (Stable)	Apr 21, 2025	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	-	-	Feb 28, 2024	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	Dec 28, 2022	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
Unallocated limits	Long - term	3.43	[ICRA]B+ (Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – fund-based – Cash credit	Simple
Long-term – Unallocated limits	NA

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	Long-term – fund-based – Cash credit*	-	9.5-12.75%	-	46.57	[ICRA]B+ (Stable)
NA	Long-term – Unallocated limits	-	-	-	3.43	[ICRA]B+ (Stable)

Source: Company; includes edfs limits

Please click here to view details of lender-wise facilities rated by ICRA

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

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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