



Press Release

Lekh Raj Autoplaza Pvt Ltd

September 11, 2025

Ratings:

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	15.70 (Reduced from 16.31)	IVR BB+/Stable (IVR double B Plus with Stable Outlook)	IVR BB/Stable (IVR double B with Stable Outlook)	Rating Upgraded	Simple
2.	Short Term Bank Facilities	57.75 (Enhanced from 41.25)	IVR A4+ (IVR A Four Plus)	IVR A4 (IVR A Four)	Rating Upgraded	Simple
	Total	73.45	Rupees Seventy- Three Crore and forty-five lakhs Only			

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded the long-term rating as IVR BB+ with Stable outlook and the short-term rating as A4+ for the bank loan facilities of Lekh Raj Autoplaza Pvt Ltd (LRAPPL).

The rating continues to draw comfort from established management and long track record of association with Mahindra & Mahindra Limited (M&ML) and Improvement in scale of operations. However, these rating strengths are partially offset by thin profitability margins with limited bargaining power, Linked to the fortunes of Mahindra and Mahindra along with inherent risk from external factors and moderate debt protection metrics.

For the Stable Outlook, IVR believes LRAPPL will continue to benefit from its operational track record in the business and enhanced demand for the automobile sector.

IVR has principally relied on the audited financial results of LRAPPL up to 31 March 2024 and provisional financial results up to 31 March 2025, (i.e. review period from 1st April 2024 to 31st March 2025), and projected financials for FY2026, FY2027 and FY2028 and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors



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- Substantial growth in total income with improvement in margins and cash accruals on a sustained basis.
- Improvement in the capital structure marked by improvement in overall gearing to below 2x coupled with improvement in debt protection metrics on a sustained basis.

Downward Factors

- Decline in operating income and/or profitability impacting the cash accrual on a sustained basis
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in liquidity position.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

- **Established management and long track record of association with Mahindra & Mahindra Limited (M&ML):**

The company commenced its operations in 2013 and has a successful track record of more than 10 years in the existing line of business. Overall activities of LRAPPL are managed by Mr. Krishan Kumar being the Managing Director. He has more than 40 years' experience in the automobile dealership business. He is supported by a team of directors with extensive expertise in the same sector, along with a qualified and experienced management team that ensures the company's overall activities are effectively managed

- **Improvement in scale of operations:**

The total operating income (TOI) improved by ~51.96% to Rs.441.71 crore in FY2025 (provisional) from Rs.290.68 crore in FY2024 on account of increased demand of cars, accessories and spare parts sale and workshop revenue. Most of the revenue is generated from the sales of automobiles i.e. passenger vehicle which accounted for around ~97% of its total income in FY2025 while the balance revenue was generated through services, sale of spare parts, and workshop revenue.

Key Rating Weaknesses

- **Thin profitability margin with limited bargaining power:**

The dealership business is characterised by thin margins and low bargaining power of the dealer as margins on vehicles are determined by the principal. EBIDTA margin slightly improved from 1.78% in FY2024 to 1.81% in FY2025(Provisional). However PAT margins marginally declined from 0.64% in FY2024 to 0.55% in FY2025.



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- **Linked to the fortunes of Mahindra and Mahindra along with inherent risk from external factors**

LRAPPL being an authorized dealer of M&M is vulnerable to the risk of change in policy by the principal with regards to the dealership. Accordingly, the financial risk profile of the company has a high degree of correlation with the performance of M&M vehicles in the market and their ability to launch new products as per the market dynamics. Further, LRAPPL, like other players in the automobile, remains exposed to economic vulnerability, regulatory and legal risks in developing markets such as introduction of new tax or increase in tax, fluctuation in prices of fuel, initiative taken by government to reduce carbon print like BS VI emission norms, shifting investment focus from traditional to electric vehicles, change in customer demands etc.

- **Moderate Debt Protection metrics:**

The debt protection metrics of the company stood leverage marked by high total debt to gross cash accruals ratio at 13.83x as on March 31, 2025, reflecting lower cash generation relative to debt levels. The DSCR remain same at 1.36x in FY25 (Prov.) as compared with FY24, and the Interest Coverage Ratio remain comfortable at 1.83x in FY25 (Prov.) from 2.08x in FY24.

Analytical Approach: IVR has analysed LRAPPL credit profile by considering the Standalone financial statements of the company.

Applicable Criteria:

- [Rating Methodology for Trading Companies.](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
- [Criteria for assigning Rating outlook.](#)
- [Policy on Default Recognition](#)
- [Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company's liquidity position is supported by cash and bank balances of Rs.0.45 crore as on March 31, 2025. The company has earned a cash accrual of Rs.2.97 crore in FY25(Provisional) and expected to earn cash accruals in the range of Rs. 3.19 crore - Rs.3.92 crore as compared to its debt obligations in the range of Rs. 0.88 crore - Rs.0.50 crore during FY26-FY28. The current ratio stood at 1.26x as on March 31st, 2025 (Provisional).

About the Company



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Lekh Raj Autoplaza Pvt Ltd is a reputed car dealership of Mahindra and Mahindra with a strong presence in Kaithal and Jind, Haryana. The Company's mission is to provide an exceptional car-buying experience, building long-term relationships with customers, and fostering a culture of trust, transparency, and excellence. Established in 2013, company has grown to become one of the leading car dealerships in the region. The journey has been marked by a commitment to customer satisfaction, quality, and innovation. Company has three Showrooms, one in Kaithal and another in Jind and Narwana providing easy access to customers in three cities

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	290.68	441.71
EBITDA	5.16	7.99
PAT	1.87	2.44
Total Debt	34.12	41.05
Tangible Net worth	10.05	12.49
EBITDA Margin (%)	1.78	1.81
PAT Margin (%)	0.64	0.55
Overall Gearing Ratio (x)	3.39	3.29
Interest Coverage Ratio (x)	2.08	1.83

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: None

Any other information: NIL

Rating History for last three years:

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (July 03, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Fund Based	Long Term	15.70	IVR BB+/Stable	IVR BB/Stable	-	-
2.	Fund based	Short Term	57.75	IVR A4+	IVR A4	-	-

Name and Contact Details of the Rating Analyst:



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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [Formerly Infomerics Valuation and Rating Private Limited] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	Jan 2027	0.24	IVR BB+/Stable
GECL	-	-	Nov 2028	0.46	IVR BB+/Stable
Cash Credit	-	-	-	15.00	IVR BB+/Stable
Inventory Funding	-	-	-	57.75	IVR A4+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-lekhraj-sep25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).