

Ramani Motors Private Limited

June 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	7.00	CARE BB-; Stable	Assigned
Long-term / Short-term bank facilities	53.00	CARE BB-; Stable / CARE A4	Assigned
Short-term bank facilities	5.00 (Reduced from 58.00)	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Ramani Motors Private Limited (RMPL) are constrained by thin profitability margins, weak capital structure and debt protection metrics, inherently cyclical auto industry, intense competition from other OEM dealers, and dependence on the performance of principal. Ratings derive strength from growing scale of operations, long operational track record of operations in the region and vast experience of promoters leveraging from being part of the Ramani Group.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to increase scale of operations with total operating income (TOI) above ₹400.0 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 2.5% on a sustained basis.
- Ability to improve debt coverage metrics with total debt to PBILDT below 7x.

Negative factors

- Decrease in TOI below ₹200.0 crore on sustained basis.
- Decrease in PBILDT/Interest below unity on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the company's ability to sustain its operational performance aided by vast experience of its partners and established presence of the group across auto dealership industry.

Detailed description of key rating drivers:

Key weaknesses

Thin profitability margins

The profitability remained thin, which is inherent to the trading nature of the automobile dealership business. The PBILDT margin remained in the range of 1.8-2.5% for three years ending FY25. The PBILDT margin stood at 2.07% in FY25, moderated from 2.41% in FY24 owing to increase in fixed overheads due to showroom renovations and expansion of commercial vehicle (CV) showroom in head office. Profit after taxation (PAT) margins stood at 0.21% in FY25 (PY: 0.66%).

Weak capital structure and debt protection metrics

The capital structure stood weak with overall gearing at 15.74x as on March 31, 2025, against 10.44x as on March 31, 2024, owing to low networth base and higher working capital borrowings. Debt protection metrics stood weak with total debt to gross cash accruals (TD/GCA) of 42.85x as on March 31, 2025 (PY: 15.30x). The interest coverage stood moderate with PBILDT/Interest at 1.49x in FY24 (PY: 2.15x).

Performance susceptible to intense competition in the domestic PV industry

The automobile industry is highly competitive, with major players including Maruti Suzuki, Hyundai, Mahindra and Mahindra (M&M) and Tata Motors frequently introducing new models with advanced features at competitive prices, influencing consumer preferences. To maintain market presence, M&M has expanded their dealership networks, which increases intra-brand

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

competition. Low entry barriers in dealership operations further intensify this competition. Dealerships face revenue challenges due to sudden shifts in consumer interest toward new offerings from other original equipment manufacturers (OEMs).

Dependence on performance of principal

RMPL's performance is directly linked to the performance of its principal, M&M. M&M's performance has improved in the last few years, considering increased consumer demand for its SUV models and electric vehicle (EV). In FY25, M&M reported growth of SUV and light commercial vehicle (LCV) sales volume, which had a direct impact on RMPL's performance. The regular launch of new models and upgrading existing models from M&M is necessary for its dealers such as RMPL to maintain improved operational performance.

Key strengths**Vast Experience of promoters**

RMPL is promoted by Jagadeesan Sengoda Gounder. He has about three decades of experience in the automobile dealership industry. He also promotes other companies in the Ramani Group including Ramani Cars Private Limited, Ramani Automobiles Private Limited and Ramani Auto Private Limited, which are into dealership of OEMs such as Volkswagen, Kia, Morris Garage, and Hyundai, among others. He is ably supported by his son, Sudharsan, who have about a decade of experience in automobile industry.

Long operational track record

RMPL was incorporated in 2009. Since inception, the company was into Nissan dealership. However, owing to less margin and sustained net losses, the company shifted to M&M dealership in 2019. The company sells Passenger Vehicle (PV), Commercial Vehicle (CV), EV and Small Commercial Vehicle (Small CV). The company has about nine facilities, of which four are equipped with 3S facilities. The facilities are situated in and around Coimbatore.

Growing scale of operations

RMPL's scale of operations witnessed continuous growth since the transition into M&M dealership. TOI increased from ₹283.22 crore in FY24 to ₹331.92 crore in FY25 by 17%. About 60-70% of sales is from PV segment and the remaining is from CV and EV segments. The income from sales of cars represents 85% of total sales in FY25 (PY: 85%) while the remaining income is generated through sales of spares and service income. The company also sells used cars, though this segment operates at a relatively low volume.

Liquidity: Stretched

The company's liquidity is stretched characterised by tightly matched accruals against repayment obligations of ₹1.85 crore in FY26. The working capital cycle stood at 54 days (PY: 45 days). The company manages its working capital requirements through inventory funding facility of ₹53.0 crore for purchase of stocks from M&M and cash credit limit of ₹7.0 crore for purchase of spares. As of March 31, 2025, the cash and bank balance stood at ₹6.76 crore (PY: ₹3.72 crore). The average working capital utilisation of inventory funding limit of ₹53.0 crore stood 85% for 12 months ended April 2025. The average working capital utilisation of cash credit limit of ₹7.0 crore stood 90% for 12 months ended April 2025. The current ratio stood low at 0.95x (PY: 1.09x) as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Automobiles	Auto dealer

RMPL was established in November 2009 and is promoted by Jagadeesan. The company started M&M automobile dealership in 2019. The company currently manages 13 facilities in and around Coimbatore, including four full-service outlets offering Sales, Service, and Spare parts (3S). RMPL's head office is in Coimbatore. Car sales represent 85% (PY: 85%), sale of spares represent 6.77% (PY: 6.10%) and service income represents 3.33% (PY: 2.88%) of total sales in FY25.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	248.67	283.22	331.92
PBILDT	4.66	6.81	6.87
PAT	1.11	1.88	0.70
Overall gearing (times)	16.07	10.44	15.74
Interest coverage (times)	1.71	2.15	1.49

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	7.00	CARE BB-; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	53.00	CARE BB-; Stable / CARE A4
Fund-based - ST-Working Capital Limits		-	-	-	5.00	CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	7.00	CARE BB-; Stable				
2	Fund-based - ST-Working Capital Limits	ST	5.00	CARE A4				
3	Fund-based - LT/ST-Working Capital Limits	LT/ST	53.00	CARE BB-; Stable / CARE A4				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings Limited (CareEdge Ratings) has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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