

## Fortune Cars Private Limited

February 27, 2026

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	42.90 (Enhanced from 33.00)	CARE B; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of the rating assigned to Fortune Cars Private Limited (FCPL) are constrained on account of its moderate scale of operations with thin profitability, highly leveraged capital structure with weak debt coverage indicators, geographical concentration of operations, dependency of the company on the fortunes of the principal with whom it has a low bargaining power, company's presence in the competitive and cyclical auto dealership industry and stretched liquidity.

The rating, however, derive strength from the established track record and extensive experience of promoters in the automobile dealership industry.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increasing scale of operations above ₹400 crore on a sustained basis.
- Improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 2.50% on a sustained basis.
- Improvement in overall gearing below 2x, on a sustained basis.

#### Negative factors

- Significantly declining revenue with sustenance, operating profitability falling below 2%.
- Declining operating cycle days above 60 days, affecting liquidity.
- Deterioration in the capital structure as marked by overall gearing ratio of above FY25 level on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable/Positive/Negative

CARE Ratings Ltd. (CareEdge Ratings) believes that the company will continue to benefit from experience of the promoters in the auto dealership business.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Moderate scale of operations and thin profitability

FCPL's scale of operations stood moderate as marked by total operating income (TOI) remained at ₹327.06 crore in FY25 (PY refers to previous year: ₹353.41 crore) showing a moderation of ~7.50%, primarily due to lower car sales volume, partially offset by higher sales realisations. The company reported TOI of ₹275.12 crore in 9MFY26. FCPL has a diversified revenue profile, with new car sales consistently contributing ~88-91% of total revenue. Other contributors include sale of spare parts and accessories, service income, incentives and commission, while used car sales form a small share of ~1-2%.

The company's profitability remained thin, with the PBILDT margin declining to 1.96% in FY25 (PY: 2.11%), reflecting the increase in the overheads of the company owing to the set-up of new showroom. Profit after tax (PAT) margin stood modest at 0.31% in FY25 (PY: 0.61%), and return on capital employed (ROCE) moderated to 12.64% in FY25 (PY: 19.11%) due to lower operating profitability. FCPL's ability to diversify revenue streams beyond vehicle sales and improve profitability remain critical in the near term for sustaining its financial stability amid industry cyclicality.

##### Highly leveraged capital structure and weak coverage metrics

The capital structure of the company remained highly leveraged, with overall gearing at 9.41x as of March 31, 2025, compared to 9.35x in FY24 (FY refers to April 01 to March 31). The high gearing reflects the company's dependence on external debt and working capital borrowings. FCPL maintains adequate inventory of vehicles and spare parts to meet customer demand and potential supply disruptions, resulting in sustained high working capital intensity. Because of the same along with the low profitability inherent in the auto dealership industry, weakened the company's debt coverage indicators. Total debt to gross cash accruals (TD/GCA) deteriorated to 14.90x in FY25 from 8.25x in FY24, PBILDT interest coverage ratio declined to 1.51x in FY25

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

from 1.66x in FY24. CareEdge Ratings expects the company's capital structure and debt coverage indicators to remain weak in the near term due to continued working capital needs and modest cash accruals.

**High geographical concentration of operations**

FCPL operates with high geographical concentration in Maharashtra, particularly in Navi Mumbai and nearby areas. All its outlets—including showrooms, service centres, and the stockyard—are located within this region, exposing the company to regional economic conditions and local market fluctuations. All major facilities such as the showroom and service centre in Nerul, the body shop in Nerul, the showroom in Vashi, the stockyard in Panvel, and the new showroom in Kharghar operate from rented premises, resulting in higher operational costs and limited long-term asset benefits. The company benefits from a long-standing association of nearly 10 years with the owners of the premises, which supports business stability.

**Limited bargaining power with the principal**

FCPL operates on a trading-based business model, resulting in inherently thin profitability margins. Auto dealers, including FCPL, have limited bargaining power over their principals. The margin on products is set at a particular level by the principal manufacturer, restricting the company's ability to earn incremental income. Further, the fortunes of auto dealers rest on the performance of the principals and the acceptability of their products in the market. FCPL's performance and prospects depend on the fortunes of Tata Motors Passenger Vehicles Limited (TMPVL).

**Inherently competitive and cyclical nature of the auto industry**

The Indian automobile industry is highly competitive owing to many players operating in the market. With low set-up cost and no major entry barriers, emergence of new dealers is imminent, aggravating the competition faced from existing dealers of other original equipment manufacturers (OEMs). To offset this, dealers must offer extra discounts, which creates margin pressure and negatively impacts the earning capacity of the company. The auto industry is inherently vulnerable to economic cycles and is highly sensitive to interest rates and fuel prices. The company faces significant risks associated with the cyclical nature of the auto industry.

**Key strengths****Experienced promoters and established track record of operations**

FCPL is promoted by Vinod Kumar Sharma, Abhijit Chandrakant Bhansali, and Sandhya Vinod Sharma, who have over two decades of experience in the automobile industry. Their deep industry expertise, efficient client service, and strategic decision making have contributed to the company's growth. Additionally, their involvement in other industries further enhances their business acumen, positioning FCPL for sustained expansion.

**Liquidity: Stretched**

Liquidity remains stretched, characterized by high utilization of fund-based working capital limits marked by average of maximum utilization stood at ~92% over the 12 months ending December 2025. Cash flow from operations was positive at ₹4.34 crore in FY25. Further, cash accruals are expected to remain tightly matched to meet its debt repayment obligation of ₹5.03 crore for FY26 and ₹4.78 crore for FY27. Additionally, as of March 31, 2025, the current ratio stood weak at 1.16x, while the quick ratio was 0.68x.

**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](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

Fortune Cars Private Limited (FCPL), incorporated in November 1996 was co-founded by Mr. Vinod Sharma, Mr. R.P. Mungrikar, Mr. S. Premkumar and Mr. N. Subramaniam. During 1996-2000, FCPL was authorized dealer for DAEWOO Motors Limited for selling passenger cars. Since July 2000, FCPL became authorized dealer for TATA Motors Passenger Vehicles Limited (TMPVL) for selling passenger vehicles such as Altroz, Punch, Harrier, Safari, Nexon, Tiago, Tigor and Sierra in Vashi, Panvel and Nerul. Besides, it is engaged in the servicing of vehicles and sale of spare parts for TMPVL. The promoters have been involved in the auto dealership sector since 1986 through another group company viz. Unitech Automobiles Private Limited which is an authorized dealer for TMPVL's passenger vehicles for Mumbai, Thane and Raigad district.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	353.41	327.06	275.12
PBILDT	7.44	6.42	3.49
Profit after tax (PAT)	2.14	1.00	-1.89
Overall gearing (x)	9.35	9.41	NA
Interest coverage (x)	1.66	1.51	0.82

A: Audited UA: Unaudited NA: Not Available; 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
Term Loan-Long Term		-	-	NA	42.90	CARE B; Stable

**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-Electronic Dealer Financing Scheme	LT	-	-	-	1)Withdrawn (07-Feb-25) 2)CARE D; ISSUER NOT COOPERATING* (03-Oct-24)	1)CARE D; ISSUER NOT COOPERATING* (05-Sep-23)	1)CARE D; ISSUER NOT COOPERATING* (30-Aug-22)
2	Fund-based - LT-Electronic Dealer Financing Scheme	LT	-	-	-	1)Withdrawn (07-Feb-25) 2)CARE D; ISSUER NOT COOPERATING* (03-Oct-24)	1)CARE D; ISSUER NOT COOPERATING* (05-Sep-23)	1)CARE D; ISSUER NOT COOPERATING* (30-Aug-22)
3	Fund-based - ST- Others	ST	-	-	-	1)Withdrawn (07-Feb-25) 2)CARE D; ISSUER NOT COOPERATING* (03-Oct-24)	1)CARE D; ISSUER NOT COOPERATING* (05-Sep-23)	1)CARE D; ISSUER NOT COOPERATING* (30-Aug-22)
4	Term Loan-Long Term	LT	42.90	CARE B; Stable	-	1)CARE B; Stable (19-Mar-25)	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long 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	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** 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.

## Contact us

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