

Ratnapprabha Motors

March 31, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	110.00	CARE BBB+; Stable / CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Ratnapprabha Motors (RM) factor in the significant growth in scale of operations over FY22–FY25, primarily driven by higher sales volumes. Growth trend continued in 9MFY26, with the company reporting revenue of ~₹807 crore and expected to achieve over ₹1,000 crore in FY26. Ratings also derive strength from RM's long-standing presence as an authorised dealer for Mahindra & Mahindra Limited (including its truck and bus division), JCB India Limited, and Honda Motor Co. Limited, supported by extensive experience of its promoters in the automobile dealership business. Ratings factor in the firm's efficient working capital cycle, characterised by minimal receivables, and comfortable debt coverage indicators.

However, these strengths are constrained by the firm's moderate capital structure, driven by reliance on working capital borrowings, and its geographically concentrated operations. Ratings are further tempered by intense competition in the automobile dealership industry, resulting in inherently low profit margins, and the firm's partnership nature, which exposes it to risks associated with capital withdrawal.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in total operating income (TOI) above ₹1,800 crore with improvement in operating margin.
- Improvement in total debt to gross cash accruals (TD/GCA) below 2.0x on a sustained basis.

Negative factors

- Significant decline in TOI and/or deterioration in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 2% on a sustained basis.
- Substantial build-up of inventory above 50 days resulting stretched working capital cycle.
- Deterioration in overall gearing above 1,50x or TD/PBILDT above 3.5x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectations that the entity will continue to benefit from experience of its promoters in auto dealership industry and established association with its principal translating to adequate performance in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with established relationships with reputed original equipment manufacturers

RM benefits from the extensive experience of its promoter, Mansingh Pawar, who has over four decades of experience in automobile dealerships, supporting operational stability and continuity of the business. The company has established long-standing relationships with reputed original equipment manufacturers (OEMs), including over 40 years with Mahindra & Mahindra Limited for passenger vehicles, over a decade in commercial vehicles through its truck and bus division, and around two decades with JCB India Limited and Honda Motor Co. Limited for construction equipment and two-wheelers, respectively. RM operates an established network comprising 11 showroom-cum-service centres, five standalone showrooms, three service centres, and five spare parts outlets across key districts in Maharashtra, providing it with a stable presence in its operating regions. Long-standing OEM relationships and established network support revenue visibility and business stability.

Growing scale of operation with diversified revenue profile

RM's scale of operations has grown significantly in the last three years, with TOI increasing to ₹1,080 crore in FY25 from ₹362 crore in FY22, registering a compounded annual growth rate (CAGR) of ~45%, supported primarily by increase in sales volumes.

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

The company reported a year-on-year growth of ~21% in FY25. The revenue profile is largely driven by sale of new vehicles, which contributed ~88% of total income in FY25, comprising commercial vehicles (~60%) and passenger vehicles (~28%). Balance revenue is derived from sale of spare parts and accessories (~8%) and other income streams such as incentives, commission income, and sale of pre-owned vehicles. While presence across multiple segments provides some diversification, revenue profile largely depends on vehicle sales. In 9MFY26, RM reported revenue of ₹807 crore. Growth remained relatively moderate in the period, partly considering demand moderation in the construction equipment segment. CareEdge Ratings expects the company to maintain revenue above ₹1,000 crore in FY26, with growth likely to moderate to 5–10% in the medium term, considering the high base.

Efficient working capital cycle and Healthy debt coverage indicators

RM's working capital cycle remained moderate at 23 days in FY25 (PY: 22 days), supported by minimal receivable days of around one day, as most sales are either advance-based or financed through financial institution. Inventory levels remained moderate at ~31 days in FY25 (PY: 27 days), reflecting stocking requirements across multiple vehicle models and spare parts; however, increase in inventory levels indicates higher working capital intensity. Creditor days remained low at ~9 days (PY: seven days), resulting in reliance on working capital borrowings to fund operations. Overall, RM's operations are inherently working capital intensive, as is typical for automobile dealerships, with inventory forming the major component. Significant build-up in inventory levels may stretch liquidity and increase dependence on external borrowings. The company's debt coverage indicators remained comfortable, with PBILDT interest coverage improving to 6.78x in FY25 (PY: 5.37x) and TD/PBILDT improving to 1.74x (PY: 2.02x), supported by improved profitability.

Key weaknesses

Moderate capital structure supported by improving net worth

RM's capital structure remained moderate, with overall gearing improving to 1.01x as on March 31, 2025 (PY: 1.24x) and total outside liabilities to tangible net worth (TOL/TNW) to 1.68x (PY: 1.93x), supported by accretion to reserves, resulting in a net worth of ₹57.01 crore. Capital structure is characterised by reliance on working capital borrowings to fund inventory, which is inherent to the dealership nature of operations. While leverage indicators have shown improvement in the last few years, capital structure is expected to remain moderate in the near-to-medium term, considering continued dependence on working capital funding to support scale of operations.

Intense competition, geographical concentration and low margins inherent in dealership business

The Indian passenger vehicle market is highly competitive, with numerous OEMs and an expanding dealership network intensifying competition and driving discount-based sales. RM's operations remain geographically concentrated in key districts in Maharashtra, limiting its scale due to a confined catchment area. Intense market competition also compels dealers to extend discounts and exchange schemes to attract customers, which with low service income, keeps margins thin. As a result, RM's profitability remains modest, with FY25 PBILDT and profit after taxation (PAT) margins at 3% and 1.95%, respectively, restricting operating leverage and its ability to absorb fluctuations in demand or costs.

Risks associated with partnership constitution

RM operates as a partnership firm, which exposes it to inherent risks associated with such a constitution, including limited financial flexibility in raising capital and the possibility of capital withdrawal by partners. Significant withdrawal from partners' capital may impact net worth and, consequently, capital structure. The firm remains exposed to risks related to continuity from changes in the partnership structure. However, this risk is partly mitigated by long-standing presence and experience of promoters.

Liquidity: Adequate

RM's liquidity is adequate, supported by expected gross cash accruals in the range of ₹20–30 crore per annum against modest repayment obligations of ₹2–5 crore annually in the next three years. Absence of major debt-funded capex plans in the near-to-medium term further supports liquidity. The company's liquidity position is aided by healthy cash and bank balances, which stood at ₹22.94 crore as on December 31, 2025 (₹9.42 crore as on March 31, 2025), providing additional buffer. Working capital utilisation remained moderate at ~80% for 12-months ended February 2026, indicating some cushion in available limits. The current ratio also remained comfortable at 1.49x as on March 31, 2025. However, liquidity remains linked to working capital intensive operations, with inventory forming a significant component, and substantial build-up in inventory may exert pressure on liquidity.

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](#)

[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

RM is an authorised dealer of Mahindra & Mahindra Limited for passenger vehicles and commercial vehicles, including trucks and buses through its truck and bus division. The company is also an authorised dealer for JCB India Limited for construction equipment and Honda Motor Co. Limited in the two-wheeler segment. Established in 1986, RM is engaged in the sale of new and pre-owned vehicles and provides after-sales services, including repair and maintenance, and sale of spare parts and accessories. The company operates an established network comprising 11 showroom-cum-service centres, five standalone showrooms, three service centres, and five spare parts outlets across key districts such as Sambhajinagar, Ahilyanagar, Beed, Jalna, and Aurangabad in Maharashtra.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	895.06	1,080.31	807.00
PBILDT*	23.86	33.46	NA
Profit after tax (PAT)	10.81	16.63	NA
Overall gearing (x)	1.24	1.02	NA
Interest coverage (x)	5.37	6.78	NA

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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/ ST- Working Capital Limits		-	-	-	110.00	CARE BBB+; Stable / CARE A2

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/ST-Working Capital Limits	LT/ST	110.00	CARE BBB+; Stable / CARE A2				

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/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated: Not applicable

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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About us:

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