GULZAR MOTORS PRIVATE LIMITED

July 23, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	92.75	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category
Long Term Bank Facilities	RBI	2.25	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. (CareEdge Ratings) has been seeking information from Gulzar Motors Private Limited (GMPL) to monitor the rating(s) vide e-mail communications dated June 23, 2026, June 29, 2026, July 06, 2026, July 13, 2026, July 14, 2026, July 21, 2026, etc. among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings's opinion is not sufficient to arrive at a fair rating. Further, GMPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on GMPL's bank facilities will now be denoted as **CARE B+; Stable/ CARE A4; ISSUER NOT COOPERATING*.**

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Ratings have been revised on account of the non-availability of requisite information due to non-cooperation by GMPL with CareEdge Ratings' efforts to undertake a review of the ratings outstanding. CareEdge Ratings views information availability risk as a key factor in its assessment of credit risk.

Further, the ratings remain constrained on account of low profitability margins of the company associated with dealership business, its leveraged capital structure owing working capital-intensive nature of operations which is primarily financed using external debt. The ratings also take cognizance of inherent competition from other Original Equipment Manufacturer (OEM) dealers, limited bargaining power and cyclical nature of auto industry. However, the ratings draw strength from moderate scale of operations of the company. Further, the ratings also factor in the established track record of operations and long-with standing association with Maruti Suzuki India Limited (MSIL).

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers

At the time of last rating on July 08, 2025, the following were the rating strengths and weaknesses.

Key weaknesses

Leveraged capital structure

The company's capital structure remained leveraged marked by overall gearing of 3.31x as on March 31, 2025 (PY: 3.03x), primarily due to a high working capital borrowing driven by the growth in scale of operations and higher inventory requirements. Going forward, the capital structure is expected remain in similar range owing to higher working capital requirements.

Working capital intensive nature of operations

GMPL's operations are inherently working capital-intensive, as the company requires to maintain a high inventory of vehicles and spare parts to meet customer demand to meet customer demand and mitigate risks arising from supply chain disruptions. The capital is often tied up in inventory, making efficient inventory management crucial for sustaining liquidity and operational stability.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

The company's average inventory holding period stood at 33 days at the end of FY25 (PY: 28 days). Going forward, the company's inventory holding requirements may increase due to higher sales targets from OEMs, making the company's ability to effectively manage its working capital a key factor to monitor.

Inherent competition and cyclical nature of the auto industry
The company is exposed to competition from the products of other OEM's and dealers operating in the same region. In order to capture the market share, the auto dealers' offer better buying terms like allowing discounts on purchases. Accordingly, the company has to resort to offering better buying terms like allowing discounts to capture the market share. Such discounts create margin pressure and negatively impact the earning capacity of the company. However, the company's association with its customers, its established network helps it to sustain the competition to an extent and maintain its strong market position in the region. Furthermore, the auto industry is inherently vulnerable to the economic cycles and is highly sensitive to the interest rates and fuel prices. The company thus faces significant risks associated with such cyclical nature of the auto industry.

Limited bargaining power with principal automobile manufacturer
GMPL's business model is largely in the nature of trading wherein profitability margins are low. Moreover, dealers have less bargaining power over principal manufacturer. Furthermore, the fortunes of the company are directly linked to its supplier. This also exposes the company's revenue growth and profitability to its supplier's future growth prospects. Any impact on business and financial profile of the manufacturer will also have an impact on the growth prospects of the company.

Key strengths

Established track record of operations and long-standing association with MSIL
Harkirat Singh, Wholetime Director of GMPL, has been associated with automobile dealership business for nearly three decades. The dealership operations are professionally managed at each location, with Harkirat Singh overseeing the Arena segment and Ramneek Baweja looking after the operations of Nexa segment. GMPL has been associated with MSIL for over two decades and currently operates at different locations in Punjab.

Growing scale of operations albeit low profitability margins associated with dealership business
The total operating income of the company grew at a Compound Annual Growth Rate (CAGR) of ~14% in the past five years ended FY25 to Rs. 334.13 crore. The growth in scale is attributed to the consistent expansion through the establishment of new showrooms, coupled with rising demand for passenger vehicles. The company generates revenue from the sales of new cars and used cars which contributes to ~90% TOI, balance 10% pertains to sales of spares parts and workshop income. However, the profitability margins of the company remain low owing to inherent risks associated with the trading nature of the auto dealership business. The PBILDT and PAT (Profit After Tax) margin of the company remain low at 2.70% and 1.00% respectively during FY25. Further, the margins Established track record of operations and long-standing association with MSIL: Harkirat Singh, Wholetime Director of GMPL, has been associated with automobile dealership business for nearly three decades. The dealership operations are professionally managed at each location, with Harkirat Singh overseeing the Arena segment and Ramneek Baweja looking after the operations of Nexa segment. GMPL has been associated with MSIL for over two decades and currently operates at different locations in Punjab. Growing scale of operations albeit low profitability margins associated with dealership business: The total operating income of the company grew at a Compound Annual Growth Rate (CAGR) of ~14% in the past five years ended FY25 to Rs. 334.13 crore. The growth in scale is attributed to the consistent expansion through the establishment of new showrooms, coupled with rising demand for passenger vehicles. The company generates revenue from the sales of new cars and used cars which contributes to ~90% TOI, balance 10% pertains to sales of spares parts and workshop income. However, the profitability margins of the company remain low owing to inherent risks associated with the trading nature of the auto dealership business. The PBILDT and PAT (Profit After Tax) margin of the company remain low at 2.70% and 1.00% respectively during FY25. Further, the margins

Liquidity: Stretched

The company has earned gross cash accruals (GCA) of Rs. 4.17 crore during FY25 and is projecting to generate GCA of around Rs. 4.34 crores for FY26 against the scheduled repayment obligations of Rs. 1.65 crores for FY25. The current ratios stood at a moderate level of 1.14x as on March 31, 2025. The operating cycle has deteriorated to 72 days during FY25 as against 58 days during FY24. The average working capital utilisation remained almost 80-90% utilised throughout the year.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Information Adequacy Risk and Issuer Non-Cooperation
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

Incorporated on February 26, 1996, GMPL, is a private limited company promoted by Harkirat Singh. Since its inception, GMPL has been an authorized dealer of MSIL. The company is engaged in the sales of cars, car accessories, spare parts, and pre-owned vehicles. The company has Arena and Nexa showrooms. Currently, GMPL operates five showrooms, and four workshops located in Dholewal, Firozpur Road, Raikot, and Doraha in Punjab, India. The company is opening three new sales counters at Khanna, Hathoor, and Meharban.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	309.24	334.49
PBILDT*	7.29	9.43
Profit after tax (PAT)	3.05	3.39
Overall gearing (x)	3.03	3.29
Interest coverage (x)	1.61	1.41

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: CRISIL, Brickwork, and Infomerics have conducted the review on the basis of best available information and has classified the GMPL as "Not cooperating" vide its press releases dated September 10, 2025, August 19, 2025, and June 19, 2026, respectively.

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-10-2030	2.25	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	92.75	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

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

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 2026-2027	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
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	92.75	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (08-Jul-25)	-	-
2	Fund-based - LT-Term Loan	LT	2.25	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (08-Jul-25)	-	-

*Issuer did not cooperate; based on best available information.
LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: puneet.kansal@careedge.in Rajan Sukhija Associate Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Rajan.Sukhija@careedge.in Kritika Goyal Lead Analyst **CARE Ratings Limited** E-mail: kritika.goyal@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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