Ramlal Durgadutt Motors Private Limited

August 05, 2026

Facilities	Name of the Regulator[1]	Amount (₹ crore)	Ratings[2]	Rating Action
Long-term bank facilities	RBI	94.15	CARE BBB+; Stable	Assigned
Short-term bank facilities	RBI	10.85	CARE A2	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Ramlal Durgadutt Motors Private Limited (RDMPL) derive strength from its experienced promoters, the company's established track record in the automobile dealership business, its long-standing association with Maruti Suzuki India Limited (MSIL), and its strong market presence across Assam. The ratings also factor in RDMPL's healthy scale of operations with diversified revenue streams through passenger vehicles, commercial vehicles, pre-owned vehicle sales, servicing, spare parts, accessories, and insurance facilitation. Furthermore, the company benefits from a widespread dealership network operating under the ARENA, NEXA, Commercial and True Value formats of MSIL.

The ratings also derive comfort from the company's healthy financial risk profile characterized by a comfortable capital structure and debt protection metrics along with efficient working capital management despite inventory-intensive operations.

The ratings, however, remain constrained by the inherently competitive and cyclical nature of the automobile industry, the company's dependence on a single principal manufacturer for a major portion of its revenues, pricing constraints and thin profitability margins related to dealership operations with a declining trend over the last few years. Further, RDMPL's operations remain geographically concentrated within Assam, exposing it to region-specific economic and demand risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations with total operating income exceeding ₹1,500 crore along with sustenance of PBILDT margins, while expanding its geographical presence.

Negative factors

- Decline in total operating income below ₹750 crore and PBILDT margin below 2.5% on a sustained basis.
- Elongation of inventory days resulting in operating cycle days above 75 days on a sustained basis.
- Moderation in capital structure marked by overall gearing ratio moderating beyond 0.75x on a sustained basis.

Analytical approach: Standalone.

Outlook: Stable

The stable outlook reflects the expectation that RDMPL will continue to benefit from its established position as one of the leading MSIL dealer in Assam, extensive sales and service network, and diversified automotive service offerings.

Detailed description of key rating drivers

Key strengths

Experienced promoters with company's established track record in automobile dealership business and long-standing association with MSIL

RDMPL benefits from the extensive experience of its promoters Vishal Agarwal, Mahesh Kumar Agarwala, and Asha Devi Agarwala, who possess more than 2 decades of experience in the auto dealership business. The promoters' long-standing presence in the automobile retail industry has enabled the company to develop strong operational capabilities, deepen customer relationships, and gain significant expertise in managing dealership operations across various business cycles.

[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 has maintained a long-standing association with MSIL since 2007, which has supported its growth and market positioning in Assam. Over nearly two decades, RDMPL has developed a diversified dealership presence under MSIL's ARENA, NEXA, Commercial, and True Value formats, allowing it to cater to a broad customer base across passenger vehicles, premium vehicles, commercial vehicles, and pre-owned vehicle segments.
Over the years, RDMPL has established a significant regional presence with approximately 21 sales and service touchpoints, 25 standalone sales showrooms and 15 stockyards across Assam. This extensive network supports customer reach, after-sales service capabilities, and recurring revenue generation from servicing and spare parts businesses.

Efficient working capital management despite inventory-intensive operations
The automobile dealership business is inherently working capital intensive due to the requirement of maintaining adequate inventory of vehicles and spare parts to meet customer demand and ensure uninterrupted operations. Despite this industry characteristic, the company has demonstrated strong inventory management practices, consistently maintaining inventory levels below 30 days over the years, with inventory holding at 27 days in FY26 (provisional). This reflects prudent procurement planning and efficient inventory turnover. Further, the company's operating cycle remained comfortable at 51 days in FY26 (provisional) compared to 47 days in FY24, with the marginal elongation primarily attributable to a reduction in average creditor days rather than any deterioration in inventory management. The company's ability to maintain low inventory holding periods despite the inventory-intensive nature of the business remains a key credit strength and supports efficient utilization of working capital.

Healthy scale of operations
The company derives revenue from new vehicle sales, pre-owned vehicles, spare parts, accessories, servicing activities, insurance facilitation and other allied automotive solutions. This diversified revenue profile provides some stability against fluctuations in vehicle sales volumes. RDMPL's scale of operations witnessed healthy growth with total operating income (TOI) increasing from ₹424.07 crore in FY22 to ₹792.33 crore in FY26, registering a CAGR of approximately 17%.
Although the company's TOI moderated to ₹749 crore in FY25 from its peak level of ₹865 crore in FY24 due to lower vehicle sales volumes amidst intensifying competition from other OEM dealers, the company witnessed a recovery in FY26 (provisional), with TOI increasing by around 7% year-on-year to ₹792.33 crore. Going forward, the company's revenue is expected to grow further in FY27, aided by the addition of a new 3S Nexa outlet at Morigaon, Assam, in H2FY26, which is expected to strengthen its regional presence and support incremental sales volumes.

Comfortable capital structure and debt protection metrics
The company maintains a strong financial risk profile supported by healthy net worth accretion through internal accruals. Net worth improved consistently from ₹73.01 crore as on March 31, 2022 to ₹161.24 crore as on March 31, 2026 backed by accretion of profits over the years. The total debt mainly comprises of working capital loans in the form of inventory financing.
The capital structure remains comfortable with overall gearing of 0.09x as on March 31, 2026 against 0.30x as on March 31, 2024 and 0.17x as on March 31, 2025. Debt coverage indicators are also comfortable as reflected by PBILDT interest coverage of 12.24x in FY26 (21.57x in FY24 and 7.97x in FY25) and Total Debt/Gross Cash Accruals (TD/GCA) of 0.88x as on March 31, 2026 (1.16x for FY24 and 1.35x for FY25). Going forward, the overall gearing and TD/GCA are expected to continue to remain comfortable in the absence of any debt-funded capex plans.

Key weaknesses

Pricing constraints and thin profitability inherent to automobile dealership business
OEMs set the standard prices for all vehicles. RDMPL’s profitability remains modest, in line with the inherent characteristics of the automobile dealership industry, which is generally characterized by thin operating margins and limited pricing flexibility. To gain a larger market share, auto dealers provide more favourable purchasing conditions, such as discounts. However, these customer discounts exert pressure on the profit margins.
RDMPL reported PBILDT margin of 2.96% in FY26 (provisional) as compared to 3.56% in FY25 and 5.51% in FY24. The profitability margin reflected a downwards trend over the years, owing to increasing rental expenses along with higher employee cost related to promotion and sales activity. Although majority of the showrooms are situated on properties owned by the promoters, the company started paying rent on these premises from FY25 onward, resulting in an increase in rental expenses of approximately ₹7-8 crore in FY25. Further, lower absorption of fixed costs due to decline in volume sales in FY25 also led to impact on the margins of the company. Going forward, the scale of operations are expected to increase with more or less similar level of operating margins. The PAT margins followed similar trend and moderated from 3.70% in FY24 to 1.89% in FY25 and 1.64% in FY26.

Dependence on fortunes of the principal, i.e. MSIL along with limited bargaining power
RDMPL's business model is largely trading-oriented, resulting in relatively thin profitability margins and limited bargaining power with the principal manufacturer. The company's performance remains closely linked to the performance, product portfolio, dealership policies and market position of MSIL. Any adverse changes in OEM strategy, dealership arrangements, product acceptance, or market share could affect the company's operational performance. However, this risk is partially mitigated by MSIL's strong market position in the Indian passenger vehicle industry and RDMPL's long-standing relationship with the manufacturer.

Geographical concentration of operations
Although the company enjoys a strong presence across Assam (excluding Guwahati), its operations remain largely concentrated within a single state. Consequently, RDMPL remains exposed to region-specific economic developments, regulatory changes and local demand conditions. Any adverse developments in the regional economy could affect vehicle demand and overall business performance.

Inherent competition and cyclical nature of the automobile industry
The automobile dealership industry is characterized by intense competition from other OEMs as well as competing dealers. Pricing flexibility remains limited due to competitive pressures and dependence on principal manufacturers for vehicle allocation and incentive structures. Further, the industry remains sensitive to economic growth, consumer sentiment, interest rates and fuel prices, making business performance susceptible to cyclical fluctuations.

Liquidity: Adequate
The company's liquidity position has remained adequate with nil term loan repayment obligation in the past 5 years. RDMPL generated GCA of ₹17.32 crore in FY26 vis-à-vis nil debt repayment obligation. The average working capital limit utilisation remained low at 17% for 12 months period ending March 2026, providing additional headroom.
RDMPL's working capital cycle remained stable and is standing at 51 days for FY26, backed by lower inventory level during year end. Additionally, the company has ₹5.05 crore of free cash & bank balance as on March 31, 2026, providing liquidity comfort.

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

RDMPL was incorporated in 2006 and is headquartered in Nagaon, Assam. The company has been an authorized dealer of Maruti Suzuki India Limited since 2007, engaged in the sale and servicing of both passenger and commercial vehicles across Assam (excluding Guwahati). RDMPL operates under MSIL's ARENA, NEXA, Commercial, and True Value channels, offering a comprehensive range of automotive products and services, including the sale of new and pre-owned vehicles, spare parts and accessories, vehicle servicing, insurance facilitation, and other allied automotive solutions. Over the years, the company has established a strong presence across Assam through an extensive network of sales and service outlets. Currently, RDMPL operates approximately 21 sales and service touchpoints, 25 standalone sales showrooms, and 15 stockyards across the state.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (P)
Total operating income	749.03	792.33
PBILDT*	26.65	23.48
Profit after tax (PAT)	14.14	12.96
Overall gearing (x)	0.17	0.09
Interest coverage (x)	7.97	12.24

A: Audited; P: Provisional; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax.

Status of non-cooperation with previous CRA: CRISIL has conducted the review based on best available information and has classified RDMPL as "Not cooperating" vide its press release dated July 08, 2026. The reason provided by CRISIL is failure to receive No Default Statement (NDS) for three consecutive months.

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-Cash Credit	RBI	Simple	-		-	-	1.00	CARE BBB+; Stable
Fund-based - LT-Electronic Dealer Financing Scheme	RBI	Simple	-		-	-	93.15	CARE BBB+; Stable
Fund-based - ST-Working Capital Limits	RBI	Simple	-		-	-	10.85	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 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-Cash Credit	LT	1.00	CARE BBB+; Stable				
2	Fund-based - LT-Electronic Dealer Financing Scheme	LT	93.15	CARE BBB+; Stable				
3	Fund-based - ST-Working Capital Limits	ST	10.85	CARE A2				

LT: Long term; ST: 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.

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