Harbans Motors Private Limited

September 23, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term/short-term bank facilities	RBI	45.00	CARE BB-; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Harbans Motors Private Limited (HMPL) reflects modest financial risk profile marked by leveraged capital structure of the company and thin profitability margins inherent in dealership business. Further, ratings remain constrained by the HMPL's presence in only Delhi region leading to geographical concentration with presence of multiple authorized dealers of Mahindra and Mahindra (M&M) and dealers of other automobile manufactures operating in the Delhi region. However, ratings derive strength from the growing scale of operations. Further, ratings derive comfort from the extensive experience of the promoters. HMPL, promoted by the promoters of the Malwa Group, benefits from the group's established track record, long-standing industry presence, and operational expertise.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in the scale of operations with improvement in profitability margins on sustained basis.
- Improvement in capital structure of the company as marked by total debt to gross cash accruals (TD/GCA) below 5.00x.
- Efficient working capital management, thereby further improving the liquidity profile of the company.

Negative factors

- Decline in scale of operations as marked by total operating income (TOI) below ₹350 crore with deterioration in profitability margins on a sustained basis.
- Deterioration in capital structure of the group as marked by overall gearing above 15.00x on a sustained basis

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited's (CareEdge Ratings) believes that the company will continue to benefit from the strong market share of the principal (M&M) in the domestic automobile market, which coupled with stable revenue stream from spares and services business shall enable the company to sustain its satisfactory operational profile.

Detailed description of key rating drivers

Key weaknesses

Leveraged capital structure

HMPL's capital structure remains leveraged marked by overall gearing of 12.79 as on March 31, 2026, reflecting the company's continued reliance on external borrowings. Debt protection metrics remained moderate, with profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage stood at 1.14x as of March 31, 2026, on account of thin profitability margins. TD/GCA remained weak, it improved to 23.30x as on March 31, 2026, from 27.54x as of March 31, 2025, indicating a modest improvement in the company's debt-servicing capacity. The company's TOL/TNW stood high at 14.42x as on March 31, 2026, indicating a leveraged financial risk profile. Going forward, CareEdge Ratings expects HMPL's leverage profile to remain elevated, as the company is likely to increasingly depend on external debt to support its expanding scale of operations.

[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 ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Thin profitability margins inherent in dealership business

The company's operating margin remained thin for the last three years primarily on account of the trading nature of operations. Besides, the company has limited negotiating power and limited pricing flexibility with the principal. HMPL's PBILDT margin moderated at 1.08% during FY26 (refers to April 01 to March 31) from previous financial year at 1.39% and stood at ₹4.76 crore in FY26. Profit after tax (PAT) margins have remained thin at 0.30% in FY26 (P.Y: 0.23%) and stood at ₹1.31 crore. Going forward, the company's ability to generate more value from the service side due to strong market presence of M&M and setting up of additional service centre will remain key monitorable from credit perspective.

Geographical concentration, exposure to intense competition and cyclicality in auto industry

HMPL's scale of operations though growing, remains constrained due to its limited geographical presence in Delhi. Hence, a weakening in the regional economy or region-specific events may affect sales volumes. The Indian automobile industry is highly competitive, as there are multiple players operating in the market, such as Maruti Suzuki India Limited, Tata Motors Limited, Hyundai Motor India Limited, Honda Cars India Limited, and Toyota Kirloskar Motor Private Limited in the passenger vehicle segment. The performance of HMPL depends on the growth of M&M, its ability to face competition from other automobile manufacturers, and the unorganised used-car market. Apart from competition from dealerships of other vehicle brands, HMPL also faces direct competition from other M&M dealerships in the Delhi region. The automotive sector is cyclical and closely linked to economic growth and consumer sentiment. Demand remains highly sensitive to vehicle loan interest rates, fuel prices, and government policies, which also have a direct bearing on the sale of passenger vehicles.

Key strengths

Growing scale of operations

The operations of HMPL have grown at a CAGR of ~189% in the last five years ending FY26. The total operating income (TOI) improved from ₹326.65 crore in FY25 to ₹440.66 crore in FY26. HMPL derives ~94% of its income from sale of the vehicles by selling 3,146 vehicles in FY26, an increase of ~19% from 2,644 vehicles in FY25. The improved TOI was on account of an increase in vehicles sales volume, due to the increase in the number of showrooms in the Delhi region over the years. Going forward, the company's ability to increase revenue from its spares and service segment while maintaining healthy growth in vehicle sales will remain a key monitorable.

Experienced promoter, established track record of operations and resourceful group

HMPL is incorporated in September 2021 and is part of the Malwa Group. The company is managed by Nitish Sharma, Director, who has ~25 years of experience in the automobile dealership business. He is supported by Priyanka Sharma, Director, in overseeing the company's operations. The Malwa Group was founded in 1968. The group has established a track record spanning over five decades and has established a strong presence across the automobile ecosystem, with interests spanning automobile dealerships, transportation, and financing activities.

Liquidity: Stretched

Liquidity position of HMPL remained stretched, characterized by modest current ratio, low quick ratio, negative cash flow from operations and low cash and bank balance. The current ratio stood at 1.04x, while the quick ratio remained low at 0.18x as on March 31, 2026. Cash flow from operations continues to remain negative at ₹0.78 crore in FY26 as against negative ₹0.15 crore in FY25. Gross cash accruals stood at ₹2.34 during FY26 against nil term debt repayment. Further, free cash and bank remained low at ₹0.53 as on March 31,2026. The average inventory days in last two fiscal year(s) remained high at 37 days. Gross current asset days were low at 54 days on an average basis. Operations of the HMPL are highly working capital intensive and net working capital as a percentage of capital employed was 89% as on March 31, 2026.

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

Harbans Motors Private Limited (HMPL) is a New Delhi-based authorised dealer of Mahindra & Mahindra Limited (rated CARE AAA; Stable/CARE A1+), incorporated in September 2021. HMPL is promoted by Nitish Sharma and it is engaged in sales of passenger vehicles, genuine spare parts, and after-sales service. HMPL operates 4 showrooms, 2 workshops and 1 stockyard. The company operates on a 3S model i.e., sales, spares and service.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	326.65	440.66
PBILDT*	4.53	4.76
Profit after tax (PAT)	0.77	1.31
Overall gearing (x)	32.72	12.79
Interest coverage (x)	1.19	1.14

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

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/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	45.00	CARE BB-; Stable / 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 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	45.00	CARE BB-; Stable / CARE A4	-	-	-	-

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

Annexure-5: 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.

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