

February 04, 2026

Rana Motors Private Limited: [ICRA]BB(Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund based	299.90	[ICRA]BB(Stable); assigned
Long-term - Unallocated	0.10	[ICRA]BB(Stable); assigned
Total	300.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating takes into account Rana Motors Private Ltd.'s (RMPL) established position as a dealer of Maruti Suzuki India Private Limited's (MSIL) passenger vehicles (PV) and extensive experience of its promoters in the dealership business. The company started operations in FY2001 as a dealer in Delhi and has expanded over the years to Haryana, Uttar Pradesh and Madhya Pradesh. It has 14 showrooms for MSIL present across various locations at present. The company, aided by the expansion, has improved its scale of operations over the years with an operating income of more than Rs. 1,400 crore in FY2025. Given an expectation of steady demand in the passenger vehicle (PV) industry and MSIL's leadership position, RMPL is expected to record a steady growth in earnings over the medium term.

The rating is constrained by the company's thin margins as is inherent in the auto-dealership business, which is characterised by intense competition. The margins for the entity deteriorated in FY2025 led by prevalence of high discounting to clear high inventory (as was the case for the entire PV industry; the performance remained under pressure in H1 FY2026, with offtake during August-September 2025 impacted by the transition to the revised Goods and Services Tax (GST). Aided by an improvement in demand in the industry, post reduction in GST, the dealership had a robust Q3 FY2026, which is likely to improve earnings in the current fiscal. The rating is further constrained by RMPL's moderate financial profile, characterised by a leveraged capital structure and modest debt coverage indicators. After a material deterioration in interest coverage over FY2024-FY2025 (interest coverage declined to 1.4 times in FY2025 from 3.8 times in FY2023), the dealership is expected to report a gradual improvement in debt coverage indicators over the medium term, aided by a reduction in inventory.

ICRA notes that led by a reduced offtake in the period leading up to the GST transition (with customers postponing purchases in anticipation of reduced vehicle prices), the entity had delayed in meeting its debt servicing obligations (with regards to inventory funding) due in August 2025; the same was regularised by October 2025. However, with an improvement in demand, post the transition, the company has been able to maintain regular debt servicing over the past three to four months.

The Stable outlook on the long-term rating reflects ICRA's opinion that RMPL's earnings are expected to witness a steady growth, supported by increase in service income and new vehicle sales, leading to gradual improvement in debt metrics.

Key rating drivers and their description

Credit strengths

Experience of promoters in auto dealership business; authorised dealer of MSIL - The company has been operational since 2001 and has around 35-40 touch points across Delhi NCR and Madhya Pradesh. The promoters have extensive experience in the dealership industry and strong relations with OEM.

Credit challenges

Thin margins inherent to automobile dealership and modest debt metrics - RMPL's profit margins have historically been thin, given the nature of the dealership business, where the commission is decided by the principal. RMPL also faces revenue concentration risk as its entire revenues are solely dependent on a single principal, MSIL. The company's operating margins reduced to 2.3% in FY2025 from 3.7% in FY2023, on account of reduced demand. Higher discounts also contributed towards lower margins.

Exposed to competition from other OEMs and dealers of the same OEM - The automotive dealership industry is highly competitive with stiff competition from other dealerships. Intense competition from dealers of other OEMs also exerts pressure on RMPL's sales volumes and margins. Moreover, the incremental investment requirement to regularly upgrade the dealership outlets, in line with the principal's marketing strategy, keeps the cash flows of the dealerships under pressure.

Liquidity position: Adequate

The entity's liquidity position is adequate, supported by cash and bank balances of around Rs. 6 crore as on March 31, 2025 and buffer in form of undrawn working capital facilities. ICRA expects the company's fund flow from operations to be adequate to fund its debt repayments (Rs. 9.8 crore in FY2027) as well as margin money requirements for its working capital and capital expenditure plans.

Rating sensitivities

Positive factors – ICRA may upgrade RMPL's rating if a healthy growth in earnings leads to a material improvement in its liquidity position and credit metrics. Specific credit metric that could lead to rating upgrade includes an interest coverage of more than 2.0 times on a sustained basis.

Negative factors– Pressure on the company's rating could arise if any material decline in revenues or margins impacts its debt coverage metrics or a stretch in the working capital cycle weakens its liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Automobile Dealers Policy on Default Recognition
Parent/Group support	None
Consolidation/Standalone	The ratings are based on the standalone financials of the company.

About the company

Established in 1999 in Delhi, Rana Motors Private Limited is an authorised Maruti Suzuki India Limited (MSIL) passenger car dealer. It is a family-owned business run by Rekhi family. The company has a presence across 35-40 locations in and around Delhi, Haryana, UP and MP, including Arena & Nexa showrooms, true-value outlets, accessories outlets, Arena workshops, body shops and Nexa workshops.

Key financial indicators (audited)

Standalone	FY2024	FY2025	9MFY2026*
Operating income	1,429.4	1,413.9	1,001.8
PAT	12.3	2.5	1.1
OPBDIT/OI	3.0%	2.3%	2.6%
PAT/OI	0.9%	0.2%	0.1%
Total outside liabilities/Tangible net worth (times)	4.5	4.8	Not available
Total debt/OPBDIT (times)	5.9	8.8	6.5
Interest coverage (times)	2.2	1.4	1.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; *Provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	04-Feb-26	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based	Long-term	299.90	[ICRA]BB (Stable)	-	-	-	-	-	-	-	-
Unallocated	Long-term	0.10	[ICRA]BB (Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term -Fund Based	Simple
Long-term - Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term -Fund based	NA	NA	NA	299.90	[ICRA]BB(Stable)
NA	Long-term-Unallocated	NA	NA	NA	0.10	[ICRA]BB(Stable)

Source: Firm

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis-Not applicable

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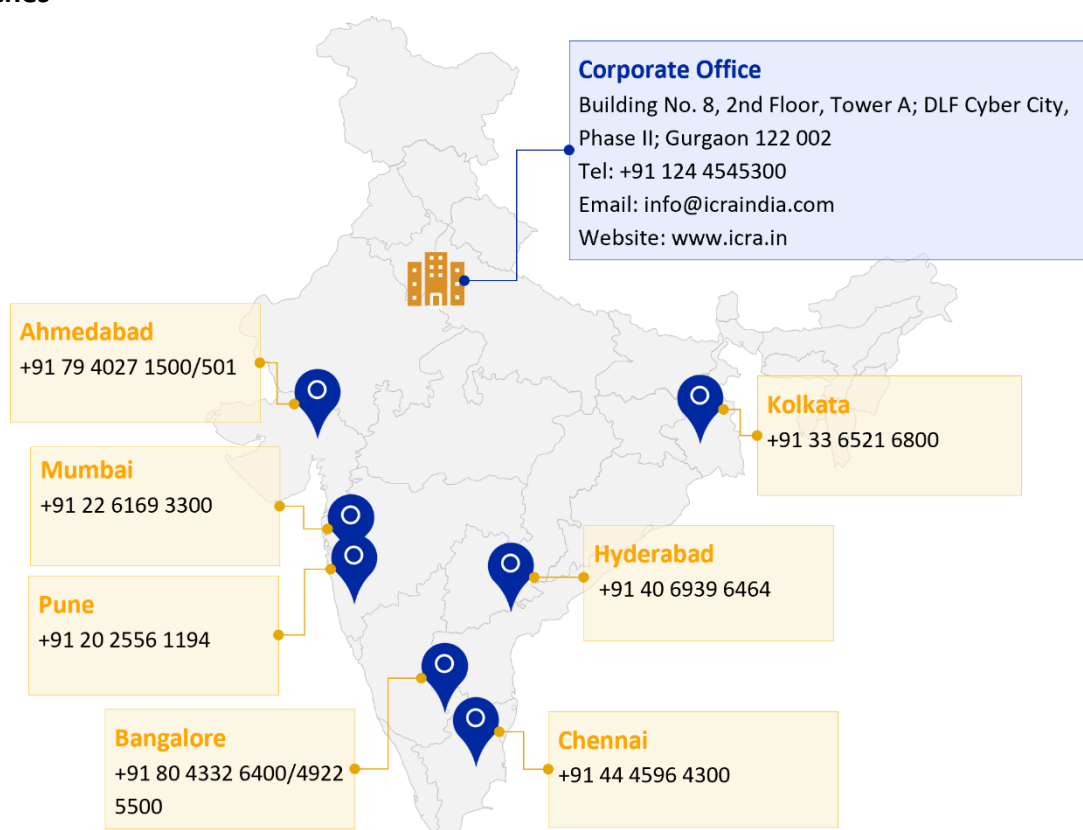
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