June 30, 2025

Girnar Software Pvt. Ltd.: Rating downgraded to [ICRA]BB+ (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Compulsorily convertible debentures (CCDs)	49.00	49.00	[ICRA]BB+ (Stable); downgraded from [ICRA]BBB- (Stable)
Total	**49.00**	**49.00**	

**Instrument details are provided in Annexure I*

Rationale

The downgrade in rating for the debt programme of Girnar Software Private Limited (GSPL) factors in the longer-than-expected period of cash burn for the company, which is likely to weigh on its credit profile. Despite a reduction in losses in FY2025, the company continued to report substantial operating losses (provisional financials). Aided by a reduction in the scale of operations of the loss-making used car business, and expansion of margin accretive new car and financial services business, the company's operating losses reduced to ~Rs. 300 crore in FY2024 from Rs. 537 crore in FY2023. While the numbers for FY2025 have not been finalised, ICRA expects losses to narrow further as the company is likely to achieve breakeven in its core businesses (new car, used car, car rental, financial services) while its insurance and Southeast Asia (SEA) business segments are anticipated to continue to burn cash. Over the medium term, a scale-up of operations in the other segments (particularly new car, financial services, Revv and Carrum) may aid a breakeven at the consolidated level and remains a monitorable. While a lower scale of the used car business eases the inventory risk for the company, a planned increase in scale of operations in the insurance segment could improve the Group's receivables and remains a monitorable.

GSPL's ability to reach breakeven at the consolidated level, and to raise additional funds to scale up businesses across segments in the interim period, remain pivotal to its credit profile. Further, GSPL's ability to remain relevant and achieve profitability amid significant competition in the tech-driven business, remain crucial for its growth prospects. The competitive and dynamic nature of the industry necessitates continuous upgradation of processes and products to sustain competitive advantage, requiring continuous investments in technology.

The ratings are supported by the company's established market position in the Indian online auto tech market across both new and used car segments. The rating also considers GSPL's comfortable liquidity profile/financial flexibility, aided by its ability to attract substantial investment from reputed private equity (PE) players (through various rounds of fund raising), which have committed investments of over ~$692 million in the Group since its start of operations. Led by the multiple fundraises, the Group's dependence on external borrowings has remained limited largely to working capital borrowings.

The operating income of the Group (GSPL and its subsidiaries) grew by around 17% in FY2025 (provisional financials) and stood at Rs. 2,644 crore. In FY2025, the company further scaled down its used car business under the asset heavy inventory holding model. Further during the fiscal, there was a material decline in the company's SEA business due to weak demand in the said markets. Nonetheless, ramp-up in the scale of operations of the insurance and financial services segments and healthy traction in the new car segment helped the group mitigate the decline in the other segment and led to a healthy growth in the operating income. The company's income also got a boost from revenues generated from the acquired entities (Revv and Carrum), which combined contributed around Rs. 115 crore in FY2025.

ICRA notes that the Group has also been successful in raising funds at subsidiary and associate companies. In FY2025, Girnar Insurance Broker Private Limited raised ~Rs. 230 crore in funding, followed by fund raising of ~Rs. 500 crore in the Group's international business, Carbay Pte Ltd (Singapore) in FY2025. The fund mop-ups have helped the company maintain strong liquidity across entities, even as the insurance and international businesses continue to incur losses.

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The Stable outlook on the long-term rating reflects ICRA's expectation that GSPL will continue to maintain an established position in the auto-tech market over the medium term. Further, a comfortable capital structure and liquidity would help the company navigate the ongoing ramp-up in the insurance and financial services segment or any other contingencies.

Key rating drivers and their description

Credit strengths

Established position as a prominent online auto classifieds portal – GSPL is an established participant in the online auto classifieds sector. Cardekho.com, GSPL's primary web portal, leads the market in terms of customer visits and caters to both new and used car segments. In addition, GSPL has firmed up its presence in the insurance and finance segments over the years. Earlier, the Group primarily focused on financing of used cars, however, it has recently forayed into personal lending and has plans to start lending for commercial vehicles as well. GSPL's scale of operations has expanded considerably over time through organic as well as inorganic growth strategies, which have further secured the Group's position in an increasingly competitive market.

Strong growth prospects across businesses over medium term – GSPL's presence across diverse yet interconnected segments of new auto, used auto, insurance and finance businesses, backed by a competitive technology platform, provides the Group with a strong position in a growing market. GSPL stands well placed to leverage from the expected growth in the domestic insurance industry, driven by increasing financial literacy and improving internet and smartphone penetration in the rural and semi-rural markets. This is expected to help offset the reduced focus on the used car segment of GSPL over the near-to-medium term. The company acquired Revv, a car rental and subscription business in FY2024, and Carrum, a B2B mobility services company engaged in the business of operating a fleet of four-wheelers and providing vehicle fleet management services to ride hailing companies, in FY2025. The acquisitions have helped further expand the Group's offerings in the auto-tech sector.

Financial flexibility provided by strong investor base, comfortable liquidity position – GSPL benefits from a series of fund raises from prominent private equity (PE) investors such as Sequoia Capital, Hillhouse CD Holdings, Lenarco, and Ping An, among others. The parent company raised its latest round of equity worth $160 million (~Rs. 1,195 crore) in October 2021, which was led by Leapfrog Investments. Subsequently, the Group raised funds worth ~$110 million (~Rs. 802 crore) for the insurance business in FY2023. Further, in FY2024, the company raised ~Rs. 310 crore and Rs. 320 crore in Girnar Insurance Broker Private Limited (GIBPL, Insurance Dekho) and Carbay Pte Ltd (Singapore), respectively, and in FY2025, it raised Rs. 411 crore and Rs. 172 crore, respectively. GSPL's ability to continue to raise funds to support its growth and expansion plans while maintaining an adequate liquidity (cash and investments of ~Rs. 1,505.9 crore as of April 30, 2025, at a consolidated level) continues to provide comfort.

Credit challenges

Operating losses continue to weigh on credit metrics – The company continues to record substantial operating losses, driven by its attempt to scale up operations across segments, which continue to constrain the credit metrics. While the bulk of the expenses emanate from outlay towards employees and advertising, both of which are expected to be better absorbed with an increase in scale of operations, the Group's ability to touch breakeven at a consolidated level and raise timely funds to scale up operations remain crucial for improving its credit metrics.

Intense competition in key operating segments – Even though the company operates across multiple segments, it remains exposed to intense competition across these segments, owing to presence of many organised players, such as Cars24, Spinny, Droom and CarTrade in the auto tech segment and PB Fintech Private Limited (PolicyBazaar) and start-ups such as Turtlemint in the insurance sector. This reduces pricing flexibility, increases the selling/ branding expenses and is likely to affect the consolidated profitability of the Group.

Exposure to slowdown in automobile sector and other exogenous shocks – The entity operates across various segments – auto tech, insurance, financial services etc. However, for GSPL, non-auto segments account for the major portion of the

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consolidated operating income, but the major part of its revenues is driven by the automobile sector. Hence, the Group remains exposed to exogenous shocks, which may adversely impact demand in the automotive industry and constrain its scale of operations.

Liquidity position: Adequate

The company's liquidity is expected to remain adequate in the near-to-medium term. The Group has repayment liabilities of Rs. 22 crore in FY2026 and Rs. 20.5 crore in FY2027 and plans to incur capital expenditure of Rs. 10-12 crore in FY2026. Although the free cash flows have remained negative, the Group has met its funding requirements through fund raising from various PE players. A healthy cash and investment balance (~Rs. 1,505 crore as of April 30, 2025) provides comfort regarding the company's ability to meet its repayment obligations in a timely manner.

Rating sensitivities

Positive triggers – ICRA could upgrade the rating if the company is able to demonstrate a substantial improvement in the scale of operations and increased profitability, while maintaining a comfortable liquidity position.

Negative triggers – ICRA could downgrade the rating if the company continues to face challenges in reducing the cash burn. Further, weakening in the liquidity position, following higher-than-anticipated cash losses/significant capex undertaken or a material acquisition outlay could also exert pressure on the rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of GSPL. The details are given in Annexure II.

About the company

Incorporated in 2006 as a software service provider, GSPL started providing online search-related services and information on new automobiles to consumers and automobile dealers in 2008. The Group connects automobile dealers, OEMs and customers through several websites such as Cardekho.com, Trucksdekho.com, Bikedekho.com, Pricedekho.com, Gaadi.com and Zigwheels.com, among others. GSPL derives revenues through lead conversion, advertisements, and direct sale of used autos, operating across the B2B, B2C and D2C segments. Additionally, it facilitates financing and insurance of automobiles by integrating the same on its portals. GSPL's subsidiary, Girnar Automobiles Private Limited, owns the Cardekho portal while another subsidiary, Girnar Insurance Brokers Private Limited, is an IRDA registered insurance broker. In FY2022, the Group started loan servicing for banks and other NBFCs through its subsidiary, Rupyy. The company also entered the personal lending space in FY2024 and plans to expand into commercial vehicle lending as well.

The company diversified into other Southeast Asian markets (accounted for ~13% of revenues in FY2024) of Indonesia in September 2016 (it organised the online auto classifieds segment through its portal, Oto.com), The Philippines in November 2019 through acquisition of Carmudi, a leading new auto player in The Philippines, Malaysia in December 2020, and Thailand (Zigwheels.co.th). In these markets, the Group drives revenues through its classifieds, lead generation and financial services.

In FY2025, the company acquired Primemover Mobility Technologies Private Limited (Revv) and Carrum Mobility Solutions Private Limited. Revv is a car rental service wherein cars for rent are available on the company's platform. The company's shareholding in Revv is ~92% as of June 2025. Carrum is a fleet ownership model, in which the company's owned and operated cars are listed on Uber and Uber Black for booking. Carrum has a fleet of ~1,500 cars as of June 2025.

Key financial indicators (Audited)

GSPL Consolidated	FY2023	FY2024
Operating income	2,334.1	2,250.4
PAT	(517.0)	(279.6)
OPBDIT/OI	-23.0%	-16.0%
PAT/OI	-22.2%	-12.4%
Total outside liabilities/Tangible net worth (times)	0.4	0.4
Total debt/OPBDIT (times)	(0.5)	(1.1)
Interest coverage (times)	(26.0)	(12.0)

Amounts in Rs. crore; Source: Company, ICRA Research; PAT: Profit after Tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; total debt includes lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Compulsorily Convertible Debentures	Long term	49.00	[ICRA]BB+ (Stable)	Jun 28, 2024	[ICRA]BBB- (Stable)	Jun 30, 2023	[ICRA]BBB- (Stable)	Jun 30, 2022	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based –Compulsorily Convertible Debenture	Simple

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
INE731P08023	Compulsorily Convertible Debentures	Jan 9, 2019	0.00001%	Jan 8, 2029	49.00	[ICRA]BB+ (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Girnar Software Private Limited	100.00% (rated entity)	Full consolidation
Gaadi Web Private Limited	51.00%	Full consolidation
Girnarsoft Automobiles Private Limited	100.00%	Full consolidation
Girnar Care Private Limited	100.00%	Full consolidation
Carbay Pte Ltd (Singapore)	65.87%	Full consolidation
PT Carbay Services Indonesia	99.99% (wholly held by Carbay Pte Ltd)	Full consolidation
Carbay Philippines Inc	100% (wholly held by Carbay Pte Ltd)	Full consolidation
Pt. Finsso Nusantara Finance	85.00% (wholly held by Carbay Pte Ltd)	Full consolidation
OTO (Thailand) Co. Ltd.	49% (wholly held by Carbay Pte Ltd)	Full consolidation
Carbay Finserv Pte. Ltd. (Singapore)	100% (wholly held by Carbay Pte Ltd)	Full consolidation
Carbay Services Malaysia Sdn. Bhd.	100% (wholly held by Carbay Pte Ltd)	Full consolidation
Carbay Services Private Limited (India)	100% (wholly held by Carbay Pte Ltd)	Full consolidation
Finsso Finance Corporation (Philippines)	99.99% (wholly held by Carbay Pte Ltd)	Full consolidation
Girnar Software (SEZ) Private Limited	100.00%	Full consolidation
Powerdrift Studios Private Limited	100.00%	Full consolidation
Girnar Rupyy Fintech Private Limited	100.00%	Full consolidation
Girnar Insurance Brokers Private Limited	51.32%	Full consolidation
Girnar Finserv Private Limited	52.07%	Full consolidation
PrimeMover Mobility Technologies Private Limited	92.02%	Full consolidation
Carrum Mobility Solutions Private Limited	63.37%	Full consolidation
Girnar Software Technologies Limited	94.34%	Full consolidation
BiUP Technologies Private Limited	35%	Equity Method
Girnar AI Innovations Lab Private Limited	35%	Equity Method
Girnar Education Services Private Limited	35.44%	Equity Method
Getmyuni Education Services Private Limited	100% (wholly held by Girnarsoft Education services Private Limited)	Equity Method
PvPrepBytes Technologies Private Limited	100% (wholly held by Girnarsoft Education services Private Limited)	Equity Method
Girnar Capital Private Limited	20.76%	Equity Method

Source: Company; Note: ICRA has factored in the consolidated financials of GSPL while arriving at the rating.

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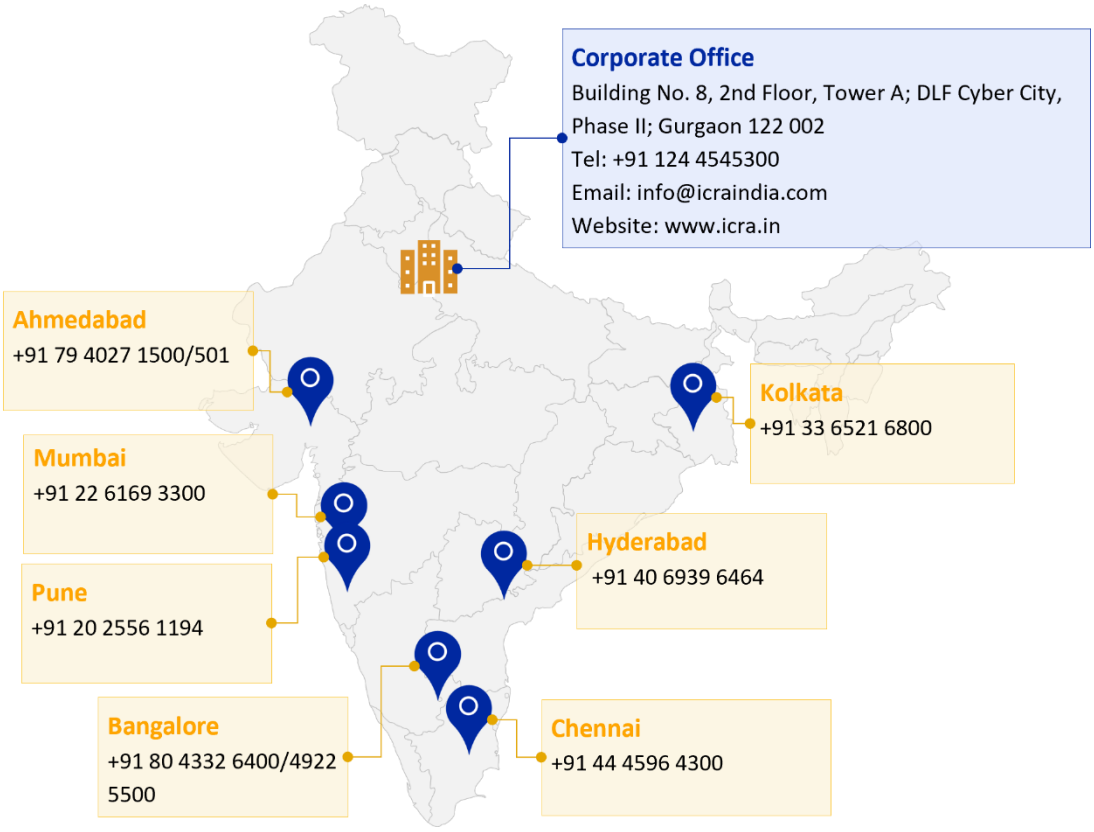

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