

March 24, 2026

## RNS Motors Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Cash credit	43.00	43.00	[ICRA]BBB+ (Stable); reaffirmed
<b>Total</b>	<b>43.00</b>	<b>43.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation of RNS Motors Private Limited's (RNSMPL) reflects the expectation of a gradual improvement in the company's operational and financial performances over the near-to-medium term, driven by demand revival of passenger vehicles (PVs) in H2 FY2026, post the Goods and Services Tax (GST) rate cut. While revenues witnessed a 7.1% increase on a year-over-year (YoY) basis in FY2025 to Rs. 878.5 crore led by steady local demand, operating profit margin (OPM) moderated to 1.2% in FY2025 from 2.4% in FY2024, primarily due to higher discounts offered by auto dealers to boost sales volumes and reduction discounts received from its oil & paint vendors. RNSMPL's earnings are expected to improve gradually from FY2026, supported by a reduction in discounts offered and an increase in sales volumes. The rating accounts for the relatively moderate reliance on external debt, leading to a comfortable financial profile with low gearing and adequate debt coverage indicators characterised by total debt/tangible net worth (TNW) of 0.2 times as on March 31, 2025, and interest coverage of 3.7 times in FY2025. Going forward, the debt protection metrics are expected to remain comfortable in the absence of major capital expenditure (capex) plans. The rating further continues to factor in RNSMPL's established track record as an authorised dealer of Maruti Suzuki India Limited (MSIL) and its entrenched market position in Karnataka. MSIL's dominant position in the domestic PV segment remains a key credit strength, providing business stability and visibility for the company.

The rating, however, remains constrained by low profit margins, inherent to the automobile dealership business, as vehicle sales drive a significant part of revenues but command low margins. Besides, competition faced by the company from other MSIL dealers as well as dealers of other original equipment manufacturers (OEM) exerts pressure on its sales and profit margins, as witnessed in FY2024 and FY2025. Further, it has high geographic concentration, with its entire sales being generated from Karnataka. This exposes the company's performance to region-specific event risks. RNSMPL derives its revenues from the domestic PV industry, thereby making it susceptible to any demand slowdown or cyclicity in the segment.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company is likely to sustain its earnings and maintain a comfortable financial profile, with expectations of a gradual increase in demand. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further increase the capacity will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

### Key rating drivers and their description

#### Credit strengths

**Long track record in automobile dealership business** – RNSMPL has been an authorised dealer of MSIL's PVs for Karnataka since 1995. It is among the larger authorised dealers for MSIL in Karnataka, with a sales and service network spread across Bengaluru, Sirsi, Hubli, Bijapur, Murdeshwar, Nelamangala Dharwad, etc. Its proven track record in the dealership business,

healthy share of MSIL's business in Karnataka, presence across 15 locations and periodic expansion of showrooms and workshops would support growth prospects.

**Healthy financial profile characterised by low gearing and comfortable debt coverage indicators** – The company has relatively moderate reliance on external debt, aided by its accruals amid minimal capex and low working capital intensity. This has led to comfortable gearing and coverage metrics. The company's gearing (total debt/TNW) stood at 0.2 times as on March 31, 2025, while its interest coverage stood at 3.7 times in FY2025. Going forward, the debt protection metrics are expected to remain comfortable in the absence of significant capex plans.

**Dominant market position of MSIL in the domestic PV segment** – MSIL has sustained its leadership position in the Indian domestic PV segment, with its market share improving over the years, driven by the success of its new models and healthy performance of existing models. MSIL's models like Wagon R, Swift, Baleno, Swift Dzire and Ertiga have been among the best-selling models in the country in the past three fiscals.

### Credit challenges

**Thin margins inherent to dealership business; intense competition** – RNSMPL's profit margins have historically been thin, akin to other automobile dealers, where the pricing and commission are decided by the principal. Moreover, its OPM moderated to 1.2% in FY2025 from 2.4% in FY2024, primarily due to higher discounts offered to boost sales volumes amid stiff competition and reduction in discounts from its vendors. Further, the margins remain vulnerable to competition from dealerships of the same principal as well as competing OEMs. However, the company's established presence and benefits from healthy operating leverage are likely to support accruals to an extent going forward.

**Exposure to inherent cyclicity of Indian PV industry** – RNSMPL derives its revenues from the domestic PV industry, thereby making it susceptible to any demand slowdown or cyclicity in the segment. Moreover, the incremental investment required to regularly upgrade the dealership outlets, in line with the principal's marketing strategy, keeps the dealership's cash flows under pressure. However, the company's established presence and periodic showroom expansions mitigate revenue risk to an extent.

**Geographic concentration in Karnataka** – The company's revenues remains moderate (relative to the market size) at Rs. 878.5 crore in FY2025. Further, it witnesses high geographic concentration, with its entire sales being generated from single state, Karnataka. This exposes the company's performance to region-specific event risks.

### Liquidity position: Adequate

The company's liquidity position is expected to remain adequate, supported by the buffer available in working capital limits and free cash and bank balances of around Rs. 23 crore as on March 31, 2025. Further, the average utilisation in the working capital limits stood at around 27% between March 2025 and February 2026. The company has repayment obligations of Rs. 1.3 crore in FY2026 and Rs. 1.1 crore in FY2027, which are likely to be serviced comfortably through expected retained cash flows. Overall, ICRA expects the company to be able to meet its near-term commitments through internal cash flow generation comfortably in the absence of any major capex plan.

### Rating sensitivities

**Positive factors** – The rating could be upgraded if the company demonstrates material increase in revenues and earnings with geographical diversification, leading to an improvement in the debt protection metrics while maintaining liquidity position.

**Negative factors** – Pressure on the ratings could arise if there is a sustained decline in revenues and/or earnings or any stretch in the working capital cycle impacts the company's liquidity position or debt protection metrics on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Automobile Dealers</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Incorporated in the year 1995, RNS Motors Limited (RNSML) is part of the R.N. Shetty Group of companies, a 50-year-old group having presence across hospitality, real estate, education, auto dealership, etc. RNS was initially a part of R N Shetty & Co and was later floated as a separate private limited company in 2003. RNSMPL is involved in car dealership for Maruti Suzuki India Ltd. (MSIL) In Bengaluru and other districts in Karnataka. The company has 20 showrooms and workshops, 3 commercial vehicle showrooms, 2 used car showrooms, 2 exclusive workshops and 1 body shop.

## Key financial indicators (audited)

RNSMPL (standalone)	FY2024	FY2025
Operating income (OI)	820.1	878.5
PAT	12.6	6.1
OPBDIT/OI	2.4%	1.2%
PAT/OI	1.5%	0.7%
Total outside liabilities/Tangible net worth (times)	0.4	0.5
Total debt/OPBDIT (times)	1.0	2.6
Interest coverage (times)	7.6	3.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**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)	Mar 24, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based – Cash credit</b>	Long term	43.00	[ICRA]BBB+ (Stable)	Dec 18, 2024	[ICRA]BBB+ (Stable)	Sep 28, 2023	[ICRA]BBB+ (Stable)	Jun 28, 2022	[ICRA]BBB+ (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
<b>Long term – Fund-based facilities</b>	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
NA	<b>Long term – Fund-based facilities</b>	NA	NA	NA	43.00	[ICRA]BBB+ (Stable)

Source: Company

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

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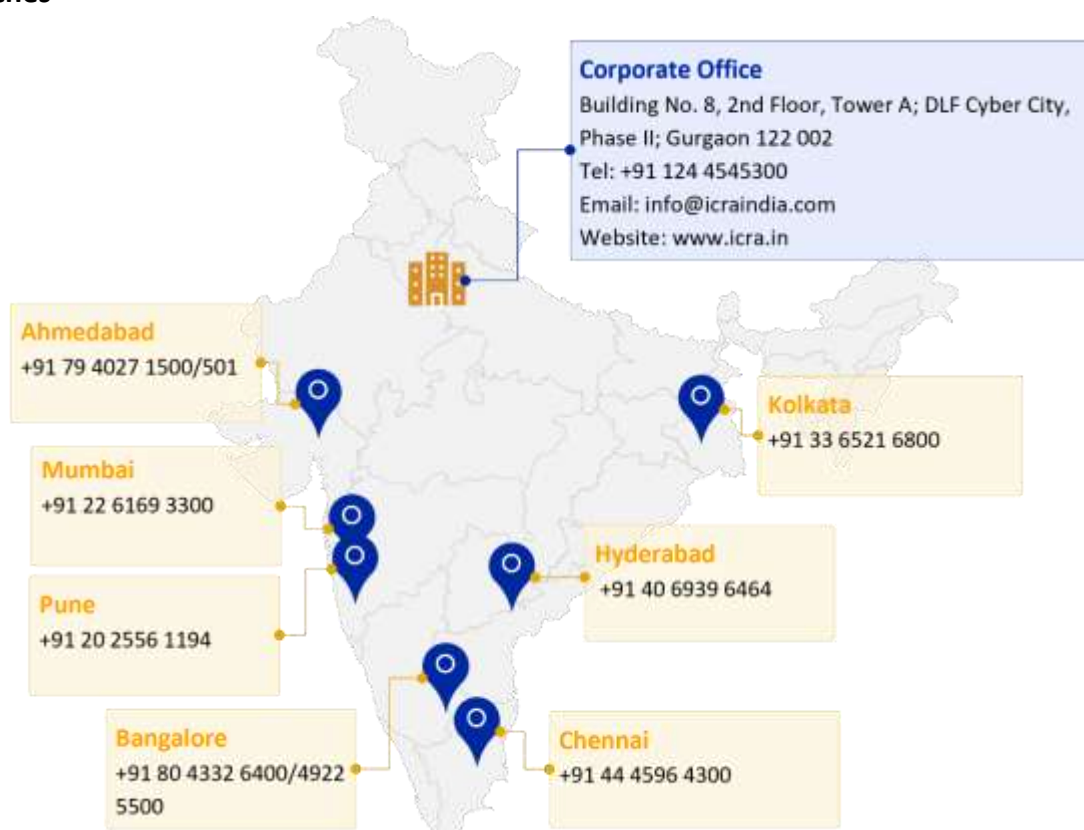
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