

June 08, 2026

Pratham 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 – Term loan	10.59	7.18	[ICRA]BB- (Stable); reaffirmed
Long-term – Fund-based – Cash Credit	61.50	65.82	[ICRA]BB- (Stable); reaffirmed
Long-term – Unallocated	0.91	0.00	-
Total	73.00	73.00	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation of Pratham Motors Private Limited (PMPL) reflects the promoters' experience in the automobile dealership segment and its established presence in southern Bengaluru. The company is an authorised dealer of Maruti Suzuki India Limited's (MSIL) vehicles, and the rating derives comfort from MSIL's strong market position in the domestic passenger vehicle (PV) segment.

ICRA notes that PMPL reported a marginal decline of 1.3% in operating income in FY2026, driven by subdued demand in the Nexa segment, which caused a 13% decline in volumes sold, partly offset by increased traction in the Arena segment. The operating profit margin revived to 2.8% in FY2026 (provisional) from 1.5% in FY2025, supported by rationalisation of operating expenses, primarily employee costs and lower discount offered to retail customers, mainly in H2 FY2026 post the Goods and Services Tax (GST), rate cut. The improvement in profitability, coupled with a reduction in interest costs, led to an increase in interest coverage to 2.6 times as on March 31, 2026, from 0.8 times as on March 31, 2025. The company's earnings profile is expected to improve gradually from FY2026, supported by lower discounting levels.

The rating continues to be constrained by the structurally thin margins and limited bargaining power inherent in the auto dealership business, wherein pricing is determined by the principal. The company also faces competitive pressures from other MSIL dealers as well as dealers of other original equipment manufacturers (OEMs), which could impact its sales volume and profitability. Further, PMPL's operations remain concentrated in southern Bengaluru, exposing it to region-specific risks.

The Stable outlook reflects expectations of improvement in revenue and profitability over the near term, supported by new product launches and a reduction in discounting levels. However, the extent of growth is anticipated to remain moderate, given the modest demand outlook for the PV segment.

Key rating drivers and their description

Credit strengths

Established track record of PMPL as an authorised dealer of MSIL's PVs – The company has been an authorised dealer of MSIL's PVs since 2001. PMPL is among the largest authorised dealers for MSIL in Karnataka, with its sales and service network spread across the southern region of Bengaluru. Consistent demand for MSIL's vehicles, along with its proven track record and presence in the Bengaluru market supports its long-term growth prospects. However, growth may remain moderate, given the modest outlook for PVs in FY2026.

Extensive experience of promoters in auto dealership business – The promoters have been associated with the automobile dealership business in India since 1998. The company has an established presence in the Bengaluru market, with a network of 22 outlets, comprising 18 sales and service outlets along with standalone service outlets and one stockyard. The management's plans to add two new outlets in FY2025, which is expected to support revenue growth going forward.

Dominant market position of MSIL in domestic PV segment – MSIL has sustained its leadership position in the Indian domestic PV segment (a market share of 39% in FY2026), driven by the success of its new models and consistent performance of the existing models. The established market share of the OEM is expected to augur well for the company.

Credit challenges

Thin profitability, low bargaining power and pricing constraints – PMPL's profit margins have historically been thin, given the nature of the dealership business, where the commission is decided by the principal. It also faces revenue concentration risk as its entire revenues are solely dependent on a single principal, MSIL. The company's operating profit margins (OPM) improved to 2.8% in FY2026 from 1.3% in FY2025, on account of reduced employee cost and lower discounts offered to customers. The revival trend in OPM would remain a key monitorable going forward.

Modest financial profile – The company's financial profile is modest, given its thin margins and working capital-intensive operations. However, its debt metrics improved in FY2026 on account of revival in earnings. This is reflected in improvement in the gearing to 0.9 times as on March 31, 2026, from 1.5 times as on March 31, 2025, and increase in the interest coverage to 2.6 times in FY2026 from 0.9 times in FY2025.

Intense competition from other MSIL dealers and that of other OEMs in the region – The automotive dealership industry is highly competitive with stiff competition from other dealerships. Intense competition from dealers of other OEMs also exerts pressure on PMPL'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

PMPL's liquidity is Adequate, as evident from free cash and bank balances of around Rs. 1 crore as on March 31, 2026, and a cushion of Rs. 50.3 core available in working capital limits as on April 30, 2026. The company has debt repayment of Rs. 3.97 crore in FY2027, Rs. 2.56 crore in FY2028 and Rs. 2.27 crore in FY2029, which can be serviced from the cash generation from business. It is also expected to incur capital expenditure of Rs. 1-1.5 crore in FY2027, which would be funded by internal cash generation.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company is able to improve the profitability, coverage metrics and liquidity position, on a sustained basis, while maintaining the scale. A specific metric, which could trigger a rating upgrade would be DSCR more than 1.2 times on sustained basis.

Negative factors – Pressure on the company's rating could arise if there is a significant deterioration in the scale of operations or profit margins, weakening the liquidity and debt metrics.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Automobile Dealers
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company.

About the company

Pratham Motors Private Limited (PMPL), incorporated in 2002, is an authorised dealer for Maruti Suzuki India Limited in Bengaluru. Mr. Shivy Bhasin, the Chairman, is a non-resident Indian based in Kuwait. He has investments in automobile and hospitality industries in India and runs an apparel business in Kuwait. At present, the day-to-day operations of the company are handled by his son, Mr. Samar Vikram Bhasin. The promoters have been involved in the automobile dealership business in India since 1998.

PMPL operates a network of 22 outlets across Bangalore, with a concentration in the southern region. Its established presence is supported by a diversified network comprising new car and Nexa premium showrooms, used car outlets, service centres and stockyards.

Key financial indicators (audited/provisional)

PMPL (standalone)	FY2025	FY2026*
Operating income (OI)	439.4	433.7
PAT	-5.1	5.9
OPBDIT/OI	1.5%	2.8%
PAT/OI	-1.2%	1.3%
Total outside liabilities/Tangible net worth (times)	1.9	1.5
Total debt/OPBDIT (times)	11.4	4.0
Interest coverage (times)	0.9	2.6

Source: Company, ICRA Research; * Provisional numbers; 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 (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Jun 8, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	65.82	[ICRA]BB-(Stable)	Jul 08, 2025	[ICRA]BB-(Stable)	Jul 29, 2024	[ICRA]BB (Stable)	Sep 08, 2023	[ICRA]BB (Stable)
Fund-based – Term loan	Long term	7.18	[ICRA]BB-(Stable)	Jul 08, 2025	[ICRA]BB-(Stable)	Jul 29, 2024	[ICRA]BB (Stable)	Sep 08, 2023	[ICRA]BB (Stable)
Unallocated limits	Long term	0.00	-	Jul 08, 2025	[ICRA]BB-(Stable)	Jul 29, 2024	[ICRA]BB (Stable)	Sep 08, 2023	[ICRA]BB (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI

6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Fund-based – Cash Credit	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Term loan 1	FY2023-FY2024	NA	FY2029-FY2031	6.44	[ICRA]BB- (Stable)
NA	Long-term – Term loan 2	FY2021	NA	FY2031-FY2032	0.74	[ICRA]BB- (Stable)
NA	Long-term – Fund-based – Working capital limits	NA	NA	NA	65.82	[ICRA]BB- (Stable)

Source: Company

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

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

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