

July 10, 2026

Atul Motors Private Limited: Ratings upgraded to [ICRA]BB(Stable) / [ICRA]A4+ and removed from non-cooperating category

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term- Fund Based-Term Loan	8.94	5.00	[ICRA]BB (Stable); upgraded from [ICRA]B+ (Stable) and removed from ISSUER NOT COOPERATING Category
Long Term-Fund Based- Cash Credit	18.00	3.50	[ICRA]BB (Stable); upgraded from [ICRA]B+ (Stable) and removed from ISSUER NOT COOPERATING Category
Short Term-Fund Based- Inventory Funding Limit	-	56.50	[ICRA]A4+; upgraded from [ICRA]A4 and removed from ISSUER NOT COOPERATING Category
Long Term / Short Term-Fund Based- Cash Credit	100.00	-	-
Long Term / Short Term- Unallocated	1.16	-	-
Short Term-Non-Fund Based- Others	16.00	-	-
Total	144.10	65.00	

*Instrument details are provided in Annexure II

Rationale

ICRA has upgraded the ratings of Atul Motors Private Limited (AMPL) and removed it from the Issuer Not-Cooperating (INC) category owing to AMPL's cooperation in concluding the rating exercise.

The ratings factor in AMPL's established presence as an authorised dealer of Maruti Suzuki India Limited (MSIL) passenger vehicles (PVs) in Rajkot district of Gujarat, supported by its network of around 19 showrooms and workshops. The company enjoys a healthy wallet share in MSIL's vehicles sold across Rajkot. The ratings also draw comfort from the promoters' extensive experience in the automobile dealership business through their association with multiple original equipment manufacturers (OEMs). AMPL reported an operating income of around Rs. 340 crore in FY2026 (provisional), with an YoY growth of around 30%. This is driven by healthy volume growth on account of OEM-led incentive schemes and strong demand in H2 FY2026, following the GST reduction on PVs. The company is expected to record healthy revenue growth in FY2027, supported by sustained demand for MSIL vehicles in Rajkot, aided by the planned launch of new models and continued demand for existing models.

The ratings, however, remain constrained by the company's thin margins inherent to the automobile dealership business, wherein low-margin vehicle sales constitute the primary revenue stream, and intense competition in the industry. AMPL's operating profit margin (OPM) moderated to around 2.4% in FY2026 from 3.2% in FY2025 due to higher discounts offered to customers, coupled with elevated employee and marketing expenses. Going forward, the expected increase in revenue from high-margin spares and service segments, supported by the proposed addition of three new workshops is likely to contribute to margin improvement. The ratings also factor in the company's elevated inventory levels, which have resulted in high working capital borrowings. Its financial profile is moderate, as indicated by total debt/OPBITDA of 8.7 times and interest coverage of 1.2 times in FY2026. The ratings are also constrained by the company's geographical concentration with all its showrooms and workshops located in Rajkot region of Gujarat, exposing its operations to region-specific risks.

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

Key rating drivers and their description

Credit strengths

Experienced promoter group in auto dealership business and established market position – AMPL has an established presence in Rajkot, Gujarat, operating around 13 showrooms and 6 workshops and is one of the prominent MSIL dealers, enjoying a healthy wallet share of MSIL PVs sold in the district. The company benefits from the promoters' long experience of over three decades in the automobile dealership business in Gujarat. The Atul Group has interest in multiple dealerships such as LML Vespa Scooter & Bike, Royal Enfield Motorcycles and Mahindra & Mahindra (M&M), which has enabled the promoters to have a strong understanding of the auto dealership business.

Dominant market position of MSIL in domestic PV segment –MSIL has sustained its leadership position in the Indian domestic PV market, despite some moderation in market share over the past few years and accounted for around 39% of domestic industry sales in FY2026. OEM's market position continues to be supported by the success of its new models and consistent performance of the existing models. MSIL's established market position, extensive distribution network and planned new launches are expected to support demand and augur well for the company's growth prospects.

Credit challenges

Low profitability inherent to nature of business and intense competition – AMPL's profit margins have historically been modest, inherent to nature of dealership operations wherein low-margin vehicle sales dominate the revenue mix. Moreover, pricing and commission are decided by the principal. AMPL's OPM moderated to 2.4% in FY2026 from 3.2% in FY2025, primarily due to higher discounts offered to boost sales volumes amid softer demand and stiff competition, particularly in H1 FY2026, as well as elevated employee and marketing expenses. Further, the margins remain vulnerable to competition from dealerships of the same principal, competing OEMs and the unorganised used car market. The company's operating margins are likely to remain range-bound over the near term.

Moderate financial profile and high working capital intensity – AMPL's financial profile remains moderate, characterised by thin profit margins and working capital-intensive operations. The company's working capital requirements remain elevated primarily due to elongated inventory holding period of 75-90 days. Its debt protection metrics remained moderate in FY2026, as reflected in the interest coverage ratio of 1.2 times (1.2 times in FY2025) and TD/OPBITDA of 8.7 times as on March 31, 2026 (7.5 times as on March 31, 2025). Nevertheless, the debt metrics are expected to witness a gradual improvement going forward, supported by growth in the operating profits.

Product and geographical concentration in revenue – AMPL derives a significant share of its revenues from vehicle sales, with around 84% of its operating income in FY2026 generated from the sale of new and used cars, this segment remains characterised by inherently thin margins. It derived balance 16% of revenues from relatively higher-margin streams, including spare parts sales, vehicle service, and incentives received from OEMs, financiers and insurers. Further, the company remains exposed to geographic concentration risk as its operations are concentrated in Rajkot, district of Gujarat, and hence any adverse development in the regional economy or region-specific events may affect sales volumes.

Liquidity position: Adequate

The company's liquidity position is adequate, supported by free cash and bank balances of around Rs. 5 crore as on March 31, 2026. The average utilisation of the company's fund-based WC limits remained high at around 95% during FY2026, with an available buffer of around Rs. 2 crore at the fiscal end. While the company has availed a working capital term loan (WCTL) of Rs. 5 crore under the Emergency Credit Line Guarantee Scheme (ECLGS) scheme in June 2026, providing liquidity support, it

is likely to need enhancement in working capital limits to meet the revenue growth projected for FY2027. The company has capex plans of around Rs. 2 crore and scheduled debt repayments of Rs. 1.0-1.5 crore during FY2027. These obligations are expected to be met through internal accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a sustained improvement in revenues and earnings, aided by healthy sales volume growth, resulting in an improvement in credit metrics.

Negative factors – Pressure on the company’s ratings could arise if any significant decline in revenues or margins impacts its debt metrics or a material elongation in inventory holding period weakens its liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Automobile Dealers
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Atul Motors Private Limited (AMPL), a part of Chandra family-led Atul Group, is an authorised dealer of MSIL’s PVs and CVs in Rajkot, Gujarat. In addition to vehicle sales, AMPL derives revenue from after-sales service, distribution of genuine spare parts and accessories, and facilitation of vehicle financing and insurance services through partner institutions. The company has an established presence in Rajkot, Gujarat, supported by a network of around 19 showrooms and workshops. As on March 31, 2026, Mr. Harishkumar Chandra held a majority stake of 76.7% in the company, Mr. Dharmendra Chandra held 10.7%, with the balance held by other members of the Chandra family.

The Atul Group has diversified business, including automobile dealerships, three-wheeler (3W) manufacturing and auto financing, with a strong regional footprint in the Saurashtra region of Gujarat.

Key financial indicators (audited)

AMPL (Standalone)	FY2024	FY2025	FY2026*
Operating income	247.7	260.6	339.9
PAT	1.9	0.7	1.1
OPBDIT/OI	3.5%	3.2%	2.4%
PAT/OI	0.8%	0.3%	0.3%
Total outside liabilities/Tangible net worth (times)	1.7	1.7	1.8
Total debt/OPBDIT (times)	7.2	7.5	8.7
Interest coverage (times)	1.4	1.2	1.2

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:

CRA	Rating Action	Date of Release
CRISIL	CRISIL B/Stable; ISSUER NOT COOPERATING; downgraded from CRISIL BB-/ Stable and moved to ISSUER NOT COOPERATING category	June 08, 2026

Any other information: None
Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		
			Jul 10, 2026	Date	Rating	Date	Rating	Date	Rating
Fund Based-Term Loan	Long term	5.00	[ICRA]BB (Stable)	Jun 23, 2025	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	Apr 24, 2024	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	-	-
Fund Based-Cash Credit	Long term	3.50	[ICRA]BB (Stable)	Jun 23, 2025	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	Apr 24, 2024	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	-	-
Fund Based-Inventory Funding Limit	Short term	56.50	[ICRA]A4+	Jun 23, 2025	-	-	-	-	-
Fund Based-Cash Credit	Long term/ Short term	-	-	Jun 23, 2025	[ICRA]B+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A4 ISSUER NOT COOPERATING	Apr 24, 2024	[ICRA]B+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A4 ISSUER NOT COOPERATING	-	-
Unallocated	Long term/ Short term	-	-	Jun 23, 2025	[ICRA]B+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A4 ISSUER NOT COOPERATING	Apr 24, 2024	[ICRA]B+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A4 ISSUER NOT COOPERATING	-	-
Non-Fund Based-Others	Short term	-	-	Jun 23, 2025	[ICRA]A4 ISSUER NOT COOPERATING	Apr 24, 2024	[ICRA]A4 ISSUER NOT COOPERATING	-	-

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 Financial Sector Regulators (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.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term- Fund Based-Term Loans	Simple
Long Term-Fund Based- Cash Credit	Simple
Short Term-Fund Based- Inventory Funding Limit	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- Fund Based-Term Loan	FY2025*	-	FY2040	5.00	[ICRA]BB(Stable)
NA	Long Term-Fund Based- Cash Credit	NA	NA	NA	3.50	[ICRA]BB(Stable)
NA	Short Term-Fund Based- Inventory Funding Limit	NA	NA	NA	56.50	[ICRA]A4+

Source: Company; *sanctioned in multiple tranches

Annexure III: List of entities considered for consolidated analysis – Not Applicable

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Branches



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