

October 6, 2026

Ganesh Cars Private Limited: Rating upgraded to [ICRA]BB+ (Stable); rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long term – Fund based – Working capital facilities	64.00	78.00	[ICRA]BB+ (Stable); upgraded from [ICRA]BB (Stable)/ assigned for enhanced amount	RBI
Long-term – Unallocated limits	-	4.00	[ICRA]BB+ (Stable); assigned	RBI
Total	64.00	82.00		

*Instrument details are provided in Annexure I

[#]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.

Rationale

The rating upgrade for the bank lines of Ganesh Cars Private Limited (GCPL) reflects a sustained improved operational and financial performance in FY2025 and FY2026 (provisional), which is likely to continue in the near to medium term, aided by a healthy domestic demand of passenger vehicles (PVs). The revenue growth is further supported by the launch of new models by Maruti Suzuki India Limited (MSIL) in the PV segment, coupled with the company's expanded network of showrooms. GCPL's revenues increased by 10.5% year-on-year (YoY) in FY2026 to Rs. 357.4 crore from around Rs. 199 crore in FY2022, translating into a compounded annual growth rate (CAGR) of around 16%, aided by favourable demand following the reduction in goods and services tax (GST) rates in September 2025 and the expansion of the sales network to around 33 showrooms. However, the operating profit margins (OPM) moderated marginally to 2.9% in FY2026 from 3.2% in FY2025, primarily due to the discounting practice prevalent in the industry, majorly in H1 FY2026 (before the GST rate cut). The company's operational and financial performance is expected to sustain over the near-to-medium term, driven by healthy local demand, the upcoming launches by MSIL and the planned expansion of its store network amid a modest growth outlook for the PV industry. Besides, the rating considers GCPL's track record as an authorised dealer of MSIL, and its established market position in Vellore and other regions in Tamil Nadu with good presence in smaller cities as well. The rating positively factors in MSIL's leadership position in the domestic PV segment.

The rating is, however, constrained by the inherently thin margins associated with the automobile dealership business, which remains susceptible to competitive pressures from other MSIL dealers as well as dealers of competing original equipment manufacturers (OEMs). This competitive intensity continues to weigh on GCPL's sales volumes and profitability. While the company reported a largely stable operating profit margin (OPM), the profitability remained moderate due to the industry-wide discounting practice amid stiff competition. GCPL's earnings profile is also exposed to increased interest costs, stemming from the moderately high inventory holding levels, subsequently resulting in modest debt protection metrics for the company. Further, GCPL has relatively higher geographical concentration in the Vellore region of Tamil Nadu, exposing its performance to region-specific event risks.

The Stable outlook reflects ICRA's expectation that the company will report a steady growth in revenues, while maintaining its profit margins. GCPL is likely to benefit from its established presence in Vellore and MSIL's position as a market leader in the domestic PV segment. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics.

Key rating drivers and their description

Credit strengths

Established presence in auto dealership segment – GCPL has been an authorised dealer of MSIL passenger vehicles since 1998. The company is one of the leading MSIL dealerships in the Vellore region, supported by an extensive sales and service infrastructure across Vellore and adjoining districts. Its established market presence, coupled with the sustained demand for MSIL vehicles, underpins its long-term business prospects. The promoters have over two decades of experience in the automobile dealership segment, which lends operational stability. GCPL operates through a robust network of 33 sales outlets, 23 service centres, eight body shop units and one driving school, spread across the districts of Vellore, Tiruvannamalai, Kanchipuram and Chennai in Tamil Nadu.

Dominant market position of MSIL in domestic PV segment; increasing revenues – MSIL has sustained its leadership position in the Indian domestic PV segment with a market share of around 40% in FY2026, driven by the success of its new models and the consistent performance of the existing models. The established market share of the OEM is expected to augur well for the company. GCPL's revenues increased by 10.5% on a YoY basis to Rs. 357.4 crore in FY2026 from around Rs. 199 crore in FY2022 at a CAGR of around 16%, aided by the showroom expansion by GCPL, vehicle launches by MISL and healthy demand.

Credit challenges

Thin profitability, low bargaining power and pricing constraints – GCPL's profit margins have historically been thin, given the nature of the dealership business, where the commission is decided by MSIL. The company also faces revenue concentration risk as its entire revenue is solely dependent on a single principal, MSIL. GCPL's OPM moderated marginally to 2.9% in FY2026 from 3.2% in FY2025 due to competitive pressures and the resultant higher discounts. The continuation of such discounting practices may exert further pressure on the margins, going forward.

Moderate financial profile – GCPL's financial profile remains modest, characterised by thin profit margins and working capital-intensive operations. The elevated working capital requirements are primarily driven by elongated inventory holding periods, which resulted in a relatively high working capital intensity of 18.7% in FY2026 (20.2% in FY2025). The higher working capital intensity, coupled with the increased reliance on short-term borrowings, continues to constrain the debt protection metrics, although they have witnessed a YoY improvement. The total debt/TNW improved to 1.7 times as on March 31, 2026, from 2.2 times as on March 31, 2025, and the interest coverage ratio increased to 2.6 times in FY2026 from 2.5 times in FY2025.

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

GCPL's liquidity position is expected to remain adequate, supported by buffer available in the working capital limits and relatively limited debt repayment obligations. The average utilisation of its inventory funding limits stood at around 50% during last 12 months ending in August 2026. The company is likely to generate net cash accruals of Rs. 4-6 crore per annum in FY2027 and FY2028, against which it has repayment obligations of Rs. 1.8 crore in FY2027, which is expected to be serviced comfortably through internal accruals. The company is also expected to incur capex of Rs. 1-2 crore in FY2026, which would be funded by a mix of debt and internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company is able to scale up its revenue and profitability, while improving the coverage indicators, net worth position and liquidity position on a sustained basis. A specific metric which could trigger an upgrade includes an interest coverage more than 2.8 times on a sustained basis.

Negative factors – Pressure on the ratings could arise if there is a significant decline in the scale of operations, or operating margins, or any significant debt-funded capex or increase in working capital cycle weakening the debt coverage indicators or liquidity position on a sustained basis.

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

Ganesh Cars Private Limited (GCPL/company) is an authorised dealer of passenger and commercial vehicles of Maruti Suzuki India Limited (MSIL). GCPL commenced its operations in 1998 and is the exclusive dealer of MSIL in Vellore and other nearby districts in Tamil Nadu. Apart from the sale of vehicles, the company is also involved in the sale of spare parts and accessories of MSIL. As on August 31, 2026, GCPL has 32 sales outlets, 23 service centres, eight body shop units and one driving school centre spread across Vellore, Vaniyambadi, Thiruvannamalai, Kanchipuram Natrampalli and Ranipet in Tamil Nadu. The promoter of the company is Mr. Ramprakash who has a vast experience in the auto dealership business. GCPL is held by G. Ramprakash and his family members as on March 31, 2026.

Key financial indicators (audited)

GCPL (Standalone)	FY2025	FY2026*
Operating income	323.6	357.4
PAT	4.5	3.9
OPBDIT/OI	3.2%	2.9%
PAT/OI	1.4%	1.1%
Total outside liabilities/Tangible net worth (times)	3.3	2.6
Total debt/OPBDIT (times)	5.2	5.0
Interest coverage (times)	2.5	2.6

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; * Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 6, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Working capital facilities	Long term	78.00	[ICRA]BB+ (Stable)	Jan 9, 2026	[ICRA]BB (Stable)	-	-	-	-
				Aug 11, 2025	[ICRA]BB (Stable)	-	-	-	-
Unallocated limits	Long term	4.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Fund based - Cash credit	Long term	-	-	-	-	Jun 17, 2024	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	Apr 26, 2023	[ICRA]B+ (Stable) ISSUER NOT COOPERATING

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Working capital facilities	Simple
Long term – Unallocated limits	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	Financial sector regulator [#]
NA	Long term – Fund based – Working capital facilities	NA	NA	NA	78.00	[ICRA]BB+ (Stable)	RBI
NA	Long term – Unallocated limits	NA	NA	NA	4.00	[ICRA]BB+ (Stable)	RBI

Source: Company

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[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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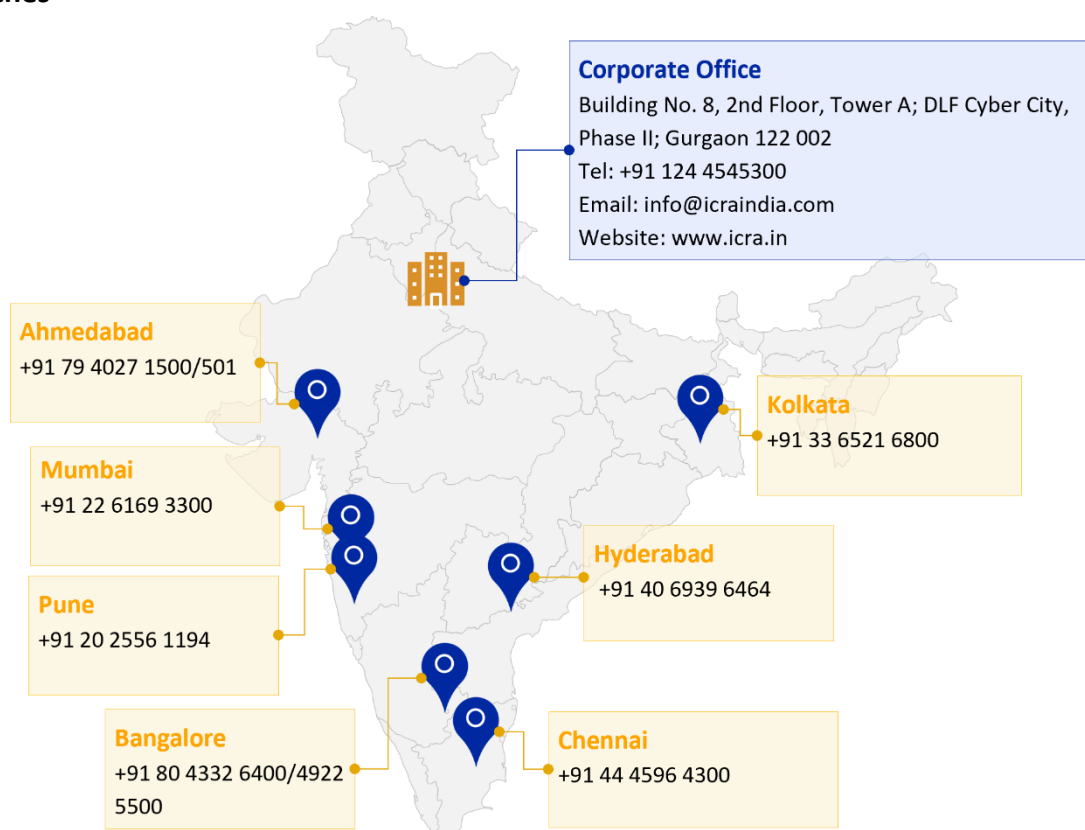
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