

Puneet Cars Private Limited

February 03, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	55.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	15.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

CARE Ratings Ltd. (CARE Ratings) has been seeking information from Puneet Cars Private Limited (PCPL) to monitor the rating(s) vide e-mail communications dated January 20, 2025; January 09, 2025, and January 03, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CARE Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings of PCPL bank facilities will now be denoted as CARE BB-; Stable/ CARE A4; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s)

The ratings have been revised on account of the non-availability of requisite information due to non-cooperation by PCPL with CARE Ratings' efforts to undertake a review of the ratings outstanding. CARE Ratings views information availability risk as a key factor in its assessment of credit risk. The ratings are primarily constrained on account of low profitability margins coupled with small net worth base, limited bargaining power with principal automobile manufacturer and Intense competition and cyclicity associated with the industry. The credit profile derives comfort from Established track record of operations and long association with Tata Motors Limited (TML) and growing scale of operations.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers: At the time of last rating on February 09, 2024, the following were the ratings weaknesses and strengths.

Key weaknesses

Low profitability margins with low net worth base: The profitability margins of the company have remained low as the nature of the business is of trading. The profit before interest, lease, depreciation and tax (PBILDT) margins and Profit after tax (PAT) margins for FY23 (refers to April 01 to March 31) stands at 1.49% and 0.63% respectively with interest coverage ratio of 2.37x in FY23 and 1.90x in H1FY24 (refers to April 01 to September 30). Furthermore, the gross cash accruals (GCA) of the company has remained at 1.58x during H1FY24. Moreover, the net worth of the company stood low at Rs 9.58 crores as on March 31, 2023. Moreover, on account of lower net worth base, the overall gearing of the company is high at 4.18x as on March 31, 2023.

Limited bargaining power with principal automobile manufacturer: The company's business model is largely in the nature of trading wherein profitability margins are very thin. Moreover, in this business a dealer has very less bargaining power over principal manufacturer, TML. The margin on products is set at a particular level by the principal manufacturer thereby restricting the company to earn incremental income.

Intense competition and cyclicity associated with the industry: Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market like Maruti Suzuki India Limited, TML, Hyundai, Honda, Toyota etc. in the passenger vehicle segment. The performance of PCPL is linked to the growth of TML and how it faces competition from the other auto manufacturers. Apart from competition from the dealerships of other brand vehicles, Puneet automobiles private

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

limited (PAPL) also faces direct competition from the other TML dealerships in the regions where it has presence. Further, the auto industry is inherently vulnerable to the economic cycles and is highly sensitive to the movement in interest rates and fuel prices. A hike in interest rate increases the costs associated with the purchase leading to purchase deferral. Fuel prices have a direct impact on the running costs of the vehicle and any hike in the same would lead to reduced disposable income of the consumers, influencing the purchase decision.

Key strengths

Established track record of operations and long association with TML: The promoters of PCPL enjoy long-standing association with TML because of the older company PAPL. PCPL took over the dealership business from the Puneet automobiles private limited in April 01, 2022. PCPL deals in diverse products of TML in Passenger Vehicle segments. During the current financial year till Jan 2024 PCPL has booked revenue of Rs 444 crores already.

Growing scale of operations: The scale of operations of the company has remained moderate with sales of Rs 439 crores in FY23, further, till Sept 2023, PCPL has done sales of Rs 177 crores and as on Jan 2024, the revenues of the company improved to Rs 444 crores. The total number of vehicles sold in FY23 is 3,819 with average sales value of Rs 11.5 lakhs. Furthermore, the total number of vehicles sold till October 2023 is 1935 with average sales value per car of Rs 9.18 lakhs.

Liquidity: Not applicable

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

Puneet Cars Private Limited (PCPL) was incorporated on August 06, 2021, and started its operations from April 01, 2022. This company is an associate of Puneet Automobiles Private Limited (PAPL) which was incorporated as on April 15, 2004. PCPL is an authorised dealer of Tata Motors which mainly deals in Passenger vehicles in Mumbai region.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)
Total operating income	0.00	439.20	177.70
PBILDT	0.00	6.53	4.14
PAT	0.00	2.77	1.48
Overall gearing (times)	0.00	4.18	NA
Interest coverage (times)	0.00	2.37	1.90

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Vendor financing	-	-	-	-	55.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft	-	-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - ST-Bank Overdraft	ST	15.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (13-Feb-24)	-	-
2	Fund-based - LT-Vendor financing	LT	55.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (13-Feb-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Vendor financing	Simple
2	Fund-based - ST-Bank Overdraft	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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