

PR Cars LLP

December 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	36.28	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from PR Cars LLP (PCL) to monitor the rating vide e-mail communications dated December 03, 2025, December 09, 2025, December 15, 2025 and December 16, 2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on PCL's bank facilities will now be denoted as '**CARE B; Stable; 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 assigned to the bank facilities of PCL have been revised on account of non-availability of requisite information. Further, the ratings remained constrained on account of a leveraged capital structure and weak debt service indicators, working capital intensive nature of operations, partnership nature of constitution, cyclical nature of the auto industry, pricing constraints and margin pressure arising out of competition from various auto dealers in the market.

The ratings, however, derives strength account improving operational performance, experienced management, authorized dealer of Hyundai Motor India Limited.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on February 26, 2025 the following were the rating strengths and weaknesses.

Key weaknesses

Leveraged capital structure and weak debt service indicators

As on March 31, 2024, the debt profile of the firm comprises of term loan to the tune of ₹27.61 crore, unsecured loan to the tune of ₹1.55 crore and working capital limits utilized at ₹33.48 crore against relatively small tangible net worth of ₹10.38 crore. The capital structure of the firm deteriorated and remain weak as marked by overall gearing ratio at 6.03x as on March 31, 2024, as compared to 4.23x as on March 31, 2023, on account of high dependence on external borrowing by the firm to fund the incremental working capital requirements. Further, the debt service coverage indicators of the firm stood weak owing to low profitability coupled with high debt levels. The firm interest coverage ratio stood at 1.09x as on March 31, 2024, as against 0.41x as on March 31, 2023. CARE Ratings believe improvement in the capital structure over the short to medium term driven by prepayment of term-loan.

Working capital intensive nature of operations

The operation of the firm is working capital intensive as marked by elongated operating cycle as the firm needs to stock different models of vehicles and spares in the showrooms to ensure adequate availability and visibility, this leads to higher inventory days. However, the operating cycle improved to 90 days as on March 31, 2024 (PY: 100 days). The firm procures passenger vehicles and spare parts from HMIL by making advance payment resulting in collection period of 47 days as on March 31, 2024. As on balance sheet date, ~70% of the limits utilized were advanced to HMIL.

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

Partnership nature of constitution

The inherent risk of withdrawal of capital in a partnership firm poses several risks that can impact the business's stability and operations. This financial strain can hinder the partnership's ability to meet obligations and invest in growth opportunities which in turn affect the operating efficiency of the organization. However, the partners of the firm have infused in capital of ₹0.28 crore during FY24 (refer to the period April 01 to March 31) and ₹3.50 crore till January 31, 2025, and will further support the operations if needed to support the operations of the firm.

Cyclical nature of the auto industry

The automotive sector is dependent on economic growth, credit conditions and consumer confidence. The auto industry is inherently vulnerable to economic cycles and is highly sensitive to 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. The policies implemented by the government also have a direct bearing on the sale of passenger vehicles.

Pricing constraints and margin pressure arising out of competition from various auto dealers in the market

Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market like Maruti Suzuki India Limited, Tata Motors, Hyundai, Honda, Toyota etc. in the passenger vehicle segment. Original Equipment Manufacturers (OEMs) are encouraging more dealerships to improve penetration and sales, thereby increasing competition amongst dealers. Entry of the global players in the Indian market has further intensified the competition. Hence, OEMs offer various discount schemes to attract customers. Due to very high competition in the industry, dealers are also forced to pass on discounts and exchange schemes to attract customers as this is a volume-driven business. Dealers' fate is also linked to the industry scenario and performance of OEMs. The firm is dealer of HMIL and hence, the performance and prospects of the firm are highly dependent on HMIL being its principal.

Key strengths**Improving operational performance**

TOI grew at a compounded annual growth rate (CAGR) of 28% in the last 5 years ended FY24 and increased to ₹146.54 crore in FY24 against FY23. The profitability margins as marked by PBILDT and PAT margin also improved to 4.46% and 0.45%, respectively, in FY24 (PY: 1.71% and 0.39%, respectively). The firm's profitability margins have remained within the 6-7% range due to controlled discount offerings. However, margins were affected in FY23 due to debt-funded expansion plans. During 9MFY25 (refers to the period April 01 to December 31), the firm achieved TOI of ₹120 crore and is expected to achieve ~₹170 crore in FY25. CARE Ratings believe improvement in operational performance of the firm in the medium to long term, driven by addition of new showroom.

Experienced management

The firm was incorporated in 2018 and is promoted by Harshit Bajaj with an experience of 12 years and Mansi Bajaj who has an experience of 10 years in dealership business. They have dealership of Royal Enfield and Bajaj in two-wheeler Segment. They operate through 3S model (Sales, Service, Spares). Further, the firm has a dedicated team of marketing and sales professionals, service in-charge and customer relation officers, who have around 5-10 years of experience in their respective fields.

Authorized dealer of Hyundai Motor India Limited

PR Cars LLP is the authorized dealer of HMIL and has wide and established distribution network and a network of service centers across India which provides it a competitive advantage over its peers. HMIL's fully integrated state-of-the-art manufacturing plants boasts advanced production, quality, and testing capabilities.

Assumptions/Covenants: Not Applicable

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

Applicable Criteria:

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Financial Ratios – Non-financial Sector](#)

[Auto Dealers](#)

About the firm and industry

Industry classification

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

PCL established in the year 2018 is an authorized dealer of HMIL one of the market leaders in the automobile industry. They have been associated with HMIL since its inception and have received several awards for Sales, Service, Parts & Customer Satisfaction. The Sales Team is professionally trained by HMIL on a regular basis to keep them abreast about the latest technologies. Their Service Centers are in Chowk, Lucknow & IIM road, Lucknow and are equipped with all modern and state of the art facilities which are as per Hyundai's Global Standards.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
Total operating income	88.91	146.54	120.00
PBILDT	1.52	6.54	NA
PAT	0.35	0.65	NA
Overall gearing (times)	4.23	6.03	NA
Interest coverage (times)	0.41	1.09	NA

A: Audited, Prov.: Provisional, NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: CRISIL has continued the rating assigned to the bank facilities of PCL into Issuer Not Cooperating category vide press release dated July 16, 2025 on account of its inability to carry out a review in the absence of requisite information.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	March 2030	16.28	CARE B; Stable; 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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	16.28	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (26-Feb-25)	1)CARE B; Stable; ISSUER NOT COOPERATING* (29-Feb-24)	1)CARE B; Stable (10-Jan-23)
2	Fund-based - LT-Cash Credit	LT	20.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (26-Feb-25)	1)CARE B; Stable; ISSUER NOT COOPERATING* (29-Feb-24)	1)CARE B; Stable (10-Jan-23)

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

LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

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About us:

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