

November 28, 2025

RNS Earthmovers Private Limited: Rating downgraded to [ICRA]BB+ (Stable); removed from Issuer Not Cooperating Category

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash Credit	30.00	30.00	[ICRA]BB+ (Stable); downgraded from [ICRA]BBB- (Stable); Removed from Issuer Not Cooperating Category
Total	30.00	30.00	

*Instrument details are provided in Annexure-1

Rationale

The rating downgrade reflects RNS Earthmovers Private Limited's (REPL/) sustained weak profitability at the operating level and declining revenues over the past few years due to scaling down of JCB's construction vehicles dealership business. The operating profit margins have remained weak due to the high discount offered to liquidate the unsold inventory of JCB and substantial under absorption of overheads due to declining revenue. REPL's credit metrics also moderated significantly due to losses at the operating level and high interest costs. The debt protection metrics are likely to improve gradually from FY2026 on account of closure of loss-making JCB dealership in August 2025 and better margin in Daimler Commercial Vehicle India Private Limited's (Daimler) commercial vehicles business. ICRA expects the company's OPM to remain subdued in the near term, given the inherently thin profitability of the dealership business and intense competition from dealers of other original equipment manufacturers (OEM). The company's exposure to the highly cyclical nature of the mining and construction equipment (MCE) and commercial vehicle (CV) industries further constrains the rating.

The rating, however, continues to draw comfort from the company's proven operational track record as an exclusive dealer for Bharat Benz's commercial vehicle across certain districts of Karnataka. REPL enjoys exclusive dealership rights for these OEMs in most of its operating locations. With the general improvement in economic activities and increase in construction activities in Karnataka, infrastructure spending, and release of new contracts by the Government, the demand for Daimler's tippers and trucks is expected to witness an uptrend. Going forward, the company's ability to improve its revenues and expand its margins while maintaining its debt metrics would remain a key rating monitorable.

The Stable outlook reflects ICRA's expectation that the company will continue to maintain a stable operating and financial performance as an exclusive dealer for Daimler in select regions of Karnataka.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters – The promoters have extensive experience in the dealership business through another group concern (RNS Motors Private Limited; rated [ICRA]BBB+ (Stable)), which is an authorised dealership of Maruti Suzuki India Limited (MSIL) in regions like Bengaluru, Sirsi, Hubli, Bijapur, Murdeshwar, Nelamangala, etc. REPL has been the authorised and exclusive dealer of JCB and Daimler commercial vehicles for some parts of Karnataka since FY2011 and FY2014, respectively, however the company has discontinued JCB dealership in August 2025. The promoter's proven track record in the dealership business, coupled with its exclusive presence in several districts across Karnataka supports its business prospects.

Established position as dealer of construction and commercial vehicles – Given its established position as an authorised dealer for Daimler’s commercial vehicles, the company has a diversified presence across earthmoving equipment and CVs. It is the sole authorised dealer of Daimler, and currently operates in six districts of Karnataka, namely Hubli, Belgaum, Vijayapur, Bijapur, Chittoor and Hospet (Bellary district).

Credit challenges

Discontinuation of JCB dealership impacted scale and earnings – REPL has discontinued JCB dealership in August 2025 due to decline in revenue following entry of a second JCB dealer in the region. The revenues of the company in FY2025 declined to Rs. 543.8 crore from Rs. 714.4 crore in FY2024 owing to fall in JCB sales. The revenue is likely to decline further in FY2026 and is expected to improve gradually later.

Low operating profitability results in a deterioration in coverage metrics – REPL’s profit margins have historically been thin on account of the dealership industry dynamics, with margins on vehicles and accessories mainly controlled by the principal. The company registered an operating loss of -1.6% in FY2025 due to increased discounts on JCB vehicles. Owing to an increase in the debt level and decline in the profitability, the interest cover declined to 0.1 times in FY2025 from 1.9 times in FY2024.

Susceptibility of business to cyclical in earthmoving and commercial vehicle industries – REPL’s volumes and revenues remain susceptible to the cyclical in the underlying earthmoving and commercial vehicle industries, which, in turn, are linked to the level of economic activities in the region, given that the company derives its entire revenues from Karnataka.

Liquidity position: Adequate

The company has an adequate liquidity profile, characterised by free cash and liquid investments of Rs. 7.7 crore as of March 31, 2025. In addition, the company has a buffer of more than Rs. 8-10 crore from unutilised working capital lines as on March 31, 2025. The promoter has supported the company’s liquidity by infusion of unsecured loans of Rs. 21.1 crore as of March 31, 2025. The capex of Rs. 0.6-0.7 crore to be incurred in FY2026 is expected to be funded from internal cash accruals. The company does not have any external long-term debt outstanding. The debt outstanding from the promoters does not have any defined repayment obligations.

Rating sensitivities

Positive factors – The rating could be upgraded if the company demonstrates a sustained increase in revenue while maintaining liquidity and earnings, leading to an improvement in debt protection metrics.

Negative factors – The rating could be downgraded if there is a significant decline in revenue or the company is unable to improve its earnings or if there is a stretch in the working capital cycle, weakening the liquidity and coverage metrics 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	The rating is based on the standalone financials of the company

About the company

RNS Earthmovers Private Limited is a part of the RN Shetty Group of Companies. The Group is present in multiple industries including automobiles, hospitality, infrastructure, ceramics, power and education, among others. Mr. Sunil R Shetty, the promoter of RNS Motors Limited and REPL, is the eldest son of the founder, Dr. RN Shetty. The various Group companies, namely Murudeshwar Ceramics Limited, RNS Power Limited, RNS Infrastructure Limited and Naveen Hotels Limited, are managed by the family's other brothers. There are no financial transactions between RNS Motors Limited and REPL, or other Group companies, and this trend is expected to continue going forward.

In April 2013, the company was awarded the dealership for Bharat Benz and the operations started in September 2013. The company holds the Bharat Benz dealership rights for North Karnataka. The company operates from 11 workshops-cum-showrooms at Hubli, Belgaum, Vijayapur, Hospet (Bellary district), Murudeshwar, Kalburgi, Harihat and Gadag and four parts outlets at Karwar, Thoranagallu, Haveri and Hubli. The product mix comprises light duty trucks, heavy duty trucks and tippers. The company also had dealership of JCB earthmoving equipment in Bangalore from August 2011 for seven districts in Karnataka, namely Bangalore Urban, Bangalore Rural, Kolar, Chikkaballapur, Mandya, Chittoor, Gulbarga, Bijapur, Tumkur and Ramnagar. The company's JCB dealership was discontinued in August 2025.

Key financial indicators

RNS – Standalone	FY2024	FY2025*
Operating income	714.4	543.8
PAT	3.4	-3.4
OPBDIT/OI	0.8%	-1.6%
PAT/OI	0.5%	-0.6%
Total outside liabilities/Tangible net worth (times)	5.5	5.0
Total debt/OPBDIT (times)	8.4	-8.2
Interest coverage (times)	1.9	0.1

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; Amount in Rs. crore; *Provisional data

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2026)			Chronology of rating history for the past 3 years					
			Nov 28, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – 1 Cash Credit	Long-term	30.0	[ICRA]BB+ (Stable)	Aug 25, 2025	[ICRA]BBB- (Stable) ISSUER NOT COOPERATING	Aug 21, 2024	[ICRA]BBB-(Stable)	May 25, 2023	[ICRA]BBB (Stable)	Jul 29, 2022	[ICRA]BBB (Negative)

Complexity level of the rated instruments

Instrument	Complexity Indicator
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 analyzing 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, is 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
NA	Long-term – Fund-based – Cash Credit	NA	9.50%	NA	30.00	[ICRA]BB+ (Stable)

Source: Company

[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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