



**Press Release**  
**Tayal India Motors Private Limited**  
**March 14, 2024**

**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	86.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	33.98	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	0.02	-	ACUITE A3+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	120.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) to the Rs. 34.00 Cr. bank facilities of Tayal India Motors Private Limited (TIMPL). Further, Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) to the Rs 86.00 Cr. bank facilities of Tayal India Motors Private Limited (TIMPL). The outlook is '**Stable**'.

**Rationale for rating**

The rating takes into account long track record and experience of the management in auto mobile dealership. Further, the rating factors in moderate financial risk profile along with efficient working capital mechanism. However, above mentioned strengths are partially offset by dip in profitability margins and highly competitive nature of automobile dealer industry.

**About the Company**

Based in Faridabad and incorporated in 2000, Tayal India Motors Private Limited (TIMPL) is an authorized dealer of Maruti Suzuki Vehicles, spares and parts and servicing of vehicles. Company operates Maruti Suzuki Arena showroom located in Faridabad, Nexa showroom in Palwal and truevalue showroom in Faridabad. Company also operates two workshop, one of them is located in Faridabad and one workshop is located in Palwal. TIMPL is promoted by Mr. Rakesh Mohan Agarwal, Mr. Ayush Agarwal and Mr. Arpit Agarwal.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Tayal India motors Private Ltd (TIMPL) to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Long track record and established market position**

Tayal India motors Private Ltd (TIMPL) was incorporated in 2000 and was an authorized dealer for Tata motors till 2017, since April 2018 TIMPL has taken authorised dealership of Maruti Suzuki

India Ltd (MSIL). TIMPL is promoted by Mr. Rakesh Mohan Agarwal, Mr. Ayush Agarwal and Mr. Arpit Agarwal. TIMPL operates in Faridabad, Jaipur and Palwal regions. Company has

Maruti Suzuki Arena showroom located in Faridabad, Nexa showroom in Palwal and truevalue showroom in Faridabad further the company has launched one of its showroom in Jaipur. Company also operates three workshop, one of them is located in Faridabad, one in Jaipur and one workshop is located in Palwal. Company generates revenue through sale and services of Maruti Suzuki vehicles. The company also sells spares for the service purpose. Acuite' believes that TIMPL will continue to benefit from its established track record of operations and extensive experience of promoters.

### **Healthy Growth in Revenue and slight moderation in profitability margins**

TIMPL generates up to 80 percent of its revenue from sale of vehicles and 11 percent revenue through workshops services. TIMPL's operating income increased from Rs. 209.92 Cr. in FY2022 to Rs. 271.68 Cr. in FY2023. Further operating profits decreased from Rs. 8.84 Cr. in FY2022 to Rs. 8.44 Cr. in FY2023 with dip in operating margins from 4.21 percent in FY2022 to 3.11 percent in FY2023. The dip in profitability is on account of higher employee cost and higher cost of vehicles on account of discounts given. ROCE declined from 25.42 percent in FY2022 to 16.58 percent in FY2023. Increase in revenue is attributable to improvement in car sales is on account of improved microchip supply and steady growth in income levels coupled with introduction of new models by Maruti Suzuki.

### **Comfortable Working Capital Management**

The working capital operations of TIMPL is marked comfortable with Gross current asset (GCA) days of 59 days in FY 2023 as against 41 days in FY 2022 increase in GCA days is due to increased inventory days from 18 days in FY2022 to 24 days in FY2023. Debtors days remained stable at 14 days for FY2022 and FY2023. Acuite' believes that working capital operations of the company may continue to remain comfortable considering the nature of business.

### **Weaknesses**

#### **Moderation in Financial risk profile**

TIMPL's financial risk profile has moderated marked by moderate capital structure and moderate coverage indicators. Company's net worth stood Rs. 19.07 Cr. as on March 31, 2023 as against Rs. 15.37 Cr. as on 31 March, 2022. Total debt increased to Rs. 36.25 Cr. as on 31<sup>st</sup> March 2023 from Rs. 16.13 Cr. as on March 31<sup>st</sup> 2022. The total debt increased on account of higher working capital requirement and CAPEX done in FY23. The total debt consists of Rs. 28.27 Cr. short term debt, Rs. 5.79 Cr. of long term debt and Rs. 2.18 Cr. of CPLTD. Interest coverage ratio and DSCR declined and stood at 3.97 times and 2.96 times simultaneously, as on March 31<sup>st</sup>, 2023 as compared to 5.47 times and 4.52 times as on March 31<sup>st</sup> 2022. The net cash accrual (NCA) to total debt(TD) is 0.15 times as on March 31<sup>st</sup> 2023 and 0.37 times as on March 31<sup>st</sup> 2022. The Total outside liabilities to Tangible net worth stood at 2.46 times for FY2023 as against 1.52 times in FY2022.

#### **Exposure to intense industry competition**

The passenger car industry in India is highly competitive. Being an authorized dealer for Maruti Suzuki India Ltd (MSIL), the company has to compete with dealers of other car brands such as Mahindra & Mahindra Ltd, Tata Motors Ltd . Auto manufacturers also encourage more dealerships (thereby increasing competition among dealers) to improve market penetration and sales. Thus, the business risk profile may continue to be constrained by limited bargaining power with principals, and exposure to intense competition.

### **Rating Sensitivities**

- Improved business risk profile supported by increase in scale of operations and improvement in operating margins.
- Improved working capital requirement marked by decline in inventory levels
- Improvement in financial risk profile of the company

### **Liquidity Position**

#### **Adequate**

TIMPL has adequate liquidity positions as reflected by company's net cash accruals of Rs.5.28 Cr against Rs. 0.32 cr. maturing debt obligations. Current ratio of the firm stood at 1.10 times and cash and bank balance stood at 0.24 Cr as on March 31<sup>st</sup> 2023. Firm's GCA days are around 40 to 60 days making it less dependent for short term borrowing for working

capital requirements. Average cash credit bank utilization stood at -24 percent for 6 months ended December 2023.

**Outlook: Stable**

Acuité believes that TIMPL will maintain a 'Stable' outlook and continue to benefit over the medium term owing to its promoter's extensive industry experience, Strong product profile, and strong dealership network. The outlook may be revised to 'Positive' in case of sustained improvement in the scale of operations and profitability while maintaining comfortable financial risk profile and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in revenue and profitability or if the financial risk profile weakens, because of stretch in the working capital cycle or higher than expected debt-funded capital expenditure.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	271.68	209.92
PAT	Rs. Cr.	3.70	4.54
PAT Margin	(%)	1.36	2.16
Total Debt/Tangible Net Worth	Times	1.90	1.05
PBDIT/Interest	Times	3.97	5.47

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Feb 2023	Channel/Dealer/Vendor Financing	Long Term	31.50	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.58	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	1.90	ACUITE BBB-   Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	0.02	ACUITE A3+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.02	ACUITE A3+   Reaffirmed
Canara Bank	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	31.50	ACUITE BBB-   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	27.90	ACUITE BBB-   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.58	ACUITE BBB-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	41.10	ACUITE BBB-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.90	ACUITE BBB-   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BBB-   Stable   Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	28 Dec 2022	Not avl. / Not appl.	10 Feb 2030	Simple	7.50	ACUITE BBB-   Stable   Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	25 Apr 2023	Not avl. / Not appl.	10 May 2028	Simple	7.50	ACUITE BBB-   Stable   Assigned

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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