

## Zulaikha Motors Private Limited

December 12, 2024

| Facilities/Instruments                 | Amount (₹ crore) | Rating <sup>1</sup>                      | Rating Action   |
|--|------------------|--|---|
| Long Term Bank Facilities              | 10.00            | CARE D; ISSUER NOT COOPERATING*          | Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE C           |
| Long Term / Short Term Bank Facilities | 4.00             | CARE D / CARE D; ISSUER NOT COOPERATING* | Rating continues to remain under ISSUER NOT COOPERATING category                                      |
| Long Term / Short Term Bank Facilities | 116.00           | CARE D / CARE D; ISSUER NOT COOPERATING* | Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE C / CARE A4 |
| Short Term Bank Facilities             | 20.00            | CARE D; ISSUER NOT COOPERATING*          | Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE A4          |

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) had, vide its press release dated November 06, 2024, placed the ratings of Zulaikha Motors Private Limited (ZMPL) under the 'issuer non-cooperating' category as ZMPL had failed to provide information for monitoring of the rating. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

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

The downgrade in the rating assigned to the bank facilities of ZMPL factors in delays in servicing of debt obligations and the tight liquidity position of the entity.

**Analytical approach:** Standalone

**Detailed description of key rating drivers:**

### Key Weaknesses

#### Delay in debt servicing:

As per the due diligence exercise conducted by CARE, it is understood that the company has delays in servicing the availed loan facilities.

#### Leveraged capital structure

The overall capital structure of the company also stands leveraged with overall gearing of 2.95x as on March 31, 2024. Further, the total debt/GCA of the company stood high at 19.50 years during FY24.

#### Thin profitability margin albeit improvement in FY'24

The provisional financials for FY'24 show an improved PBILDT margin of 4.60% (up from 3.30%), but profitability remains thin due to the dealership model, with 3-5% margins on vehicle sales and higher margins on service and spare sales. Working capital needs are high due to upfront inventory stocking and minimal credit periods from OEMs.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

## Applicable criteria

[Definition of Default](#)

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

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Service Sector Companies](#)

[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    |

Zulaikha Motors Private Limited (ZMPL) was incorporated in March 2010 and is engaged in dealership of Mahindra and Mahindra (M&M) vehicles in Chennai through outlets and workshops in Chennai.

The company was previously part of the 'Buhari group'. However, from FY19, new promoter Thomas William Pangaraj infused equity and subsequently Buhari group divested its shares. As on FY23 end per the audited financial statement, Buhari group does not have any shareholdings in the company.

| Brief Financials (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | March 31, 2024 (UA) |
|----------------------------|--------------------|--------------------|---------------------|
| Total operating income     | 161.64             | 249.39             | 248.73              |
| PBILDT                     | 6.28               | 8.24               | 11.44               |
| PAT                        | 0.93               | 1.98               | 2.90                |
| Overall gearing (times)    | 0.75               | 2.94               | 2.95                |
| Interest coverage (times)  | 1.94               | 1.81               | 1.24                |

A: Audited UA: Unaudited; Note: these are latest available financial results

### Status of non-cooperation with previous CRA:

Zulaikha Motors Private Limited has not co-operated with CRISIL Ratings, wherein it has classified the issuer as 'Non-Cooperative' vide its press release dated December 09, 2024. The reason provided by CRISIL was non furnishing of sufficient information towards monitoring ratings.

**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 (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook          |
|--|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Term Loan                  |      | -                             | -               | 12-08-2028                 | 10.00                       | CARE D;<br>ISSUER NOT COOPERATING*          |
| Fund-based - LT/ ST-Working Capital Limits |      | -                             | -               | -                          | 4.00                        | CARE D / CARE D;<br>ISSUER NOT COOPERATING* |
| Fund-based - LT/ ST-Working Capital Limits |      | -                             | -               | -                          | 116.00                      | CARE D / CARE D;<br>ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantee         |      | -                             | -               | -                          | 20.00                       | CARE D;<br>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 - LT-Term Loan                  | LT              | -                            | -      | 1)Withdrawn (24-May-24)                     | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (14-Dec-23) | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (10-Oct-22) | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (06-Aug-21) |
| 2       | Fund-based - LT-Cash Credit                | LT              | -                            | -      | 1)Withdrawn (24-May-24)                     | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (14-Dec-23) | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (10-Oct-22) | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (06-Aug-21) |
| 3       | Fund-based - ST-Vendor financing           | ST              | -                            | -      | 1)Withdrawn (24-May-24)                     | 1)CARE A4; ISSUER NOT COOPERATING* (14-Dec-23)         | 1)CARE A4; ISSUER NOT COOPERATING* (10-Oct-22)         | 1)CARE A4; ISSUER NOT COOPERATING* (06-Aug-21)         |
| 4       | Non-fund-based - ST-Bank Guarantee         | ST              | -                            | -      | 1)Withdrawn (24-May-24)                     | 1)CARE A4; ISSUER NOT COOPERATING* (14-Dec-23)         | 1)CARE A4; ISSUER NOT COOPERATING* (10-Oct-22)         | 1)CARE A4; ISSUER NOT COOPERATING* (06-Aug-21)         |
| 5       | Fund-based - LT/ ST-Working Capital Limits | LT/ST           | -                            | -      | 1)CARE C / CARE A4 (24-May-24)              | 1)CARE B-; Stable / CARE A4; ISSUER NOT                | 1)CARE B-; Stable / CARE A4; ISSUER NOT                | 1)CARE B-; Stable / CARE A4; ISSUER NOT                |

|   |  |           |        |   | 2)Withdrawn<br>(24-May-24)  | COOPERATI<br>NG*<br>(14-Dec-23) | COOPERATI<br>NG*<br>(10-Oct-22) | COOPERATI<br>NG*<br>(06-Aug-21) |
|---|--|-----------|--------|---|---|---------------------------------|---------------------------------|---------------------------------|
| 6 | Fund-based -<br>LT/ ST-Working<br>Capital Limits | LT/S<br>T | 4.00   | CARE D /<br>CARE D;<br>ISSUER NOT<br>COOPERATI<br>NG* | 1)CARE D /<br>CARE D;<br>ISSUER NOT<br>COOPERATI<br>NG*<br>(06-Nov-24)<br><br>2)CARE D /<br>CARE D<br>(24-May-24)   | -                               | -                               | -                               |
| 7 | Fund-based -<br>LT/ ST-Working<br>Capital Limits | LT/S<br>T | 116.00 | CARE D /<br>CARE D;<br>ISSUER NOT<br>COOPERATI<br>NG* | 1)CARE C /<br>CARE A4;<br>ISSUER NOT<br>COOPERATI<br>NG*<br>(06-Nov-24)<br><br>2)CARE C /<br>CARE A4<br>(24-May-24) | -                               | -                               | -                               |
| 8 | Fund-based -<br>LT-Term Loan                     | LT        | 10.00  | CARE D;<br>ISSUER NOT<br>COOPERATI<br>NG*             | 1)CARE C;<br>ISSUER NOT<br>COOPERATI<br>NG*<br>(06-Nov-24)<br><br>2)CARE C<br>(24-May-24)                           | -                               | -                               | -                               |
| 9 | Non-fund-based<br>- ST-Bank<br>Guarantee         | ST        | 20.00  | CARE D;<br>ISSUER NOT<br>COOPERATI<br>NG*             | 1)CARE A4;<br>ISSUER NOT<br>COOPERATI<br>NG*<br>(06-Nov-24)<br><br>2)CARE A4<br>(24-May-24)                         | -                               | -                               | -                               |

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

LT: Long term; ST: Short term; LT/ST: Long term/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-Term Loan                  | Simple           |
| 2       | Fund-based - LT/ ST-Working Capital Limits | Simple           |
| 3       | Non-fund-based - ST-Bank Guarantee         | 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](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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