

Hyson Motors Private Limited

June 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	3.08	CARE BB-; Stable	Assigned
Long Term / Short Term Bank Facilities	51.50	CARE BB-; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Hyson Motors Private Limited (HMPL) are constrained by the weak capital structure, moderate scale of operations, thin profitability margin and cyclical nature of the industry. The ratings, however, derives strength from experienced promoters and association with TATA Motors Limited (TML).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Improvement in total operating income (TOI) beyond ₹350 crores while sustaining the operating margin above 5% on sustained basis.
- Improvement in overall gearing below 2x on consistent basis.

Negative factors

- Steep drop in sales and build-up of inventory.
- Deterioration in capital structure with overall gearing exceeding 4x.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the HMPL will continue to maintain stable credit profile on the back of its association with the principal TATA Motors Limited.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operation and profitability margin

Scale of operation of the company has been moderate around ₹200-280 crores over the past five years. In FY25, company has witnessed 16% decline in overall vehicle sales volume compared to the previous year. This decrease was driven by increased competition from other Original Equipment Manufacturer (OEM) dealers and slower adoption of Electric Vehicles (EVs) in HMPL's target market. Consequently, company's TOI moderated by 11% to ₹250 crores in FY25 (PY ₹281 crores). Sales of vehicles contribute 81% of the TOI in FY25, followed by spares parts and accessories of 7%, service income of 6%, used car and scrap sales of 6%. HMPL's profitability margins are inherently thin due to dealership nature of the business, with vehicle sales margins set by OEMs at ~3-5%. PBILDT margin remain moderate at 3.10% in FY25 (PY: 2.72%) with slight improvement from previous year on account of increased incentive support from the OEM.

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

Weak Capital Structure

Company's capital structure remains weak, with overall gearing at 3.71x as of March 31, 2025 (PY: 4.77x). This is primarily due to a thin net worth resulting from accumulated past losses and increased working capital borrowings driven by higher inventory levels. Company has unsecured loan of ₹12.36 crores from directors, of which ₹10 crores is subordinated to bank borrowings. These loans are interest-free and have no fixed repayment terms. Debt coverage metrics also remain weak, with Total debt / Gross cash accruals (TD/GCA) at 11.49x as of March 31, 2025 (PY 13.30x)

Intense competition and cyclicity in the Auto Industry

The auto industry is inherently vulnerable to the economic cycles and is highly sensitive to interest rates and fuel prices. The policies implemented by the government in terms of local taxes and pollution control norms also have a direct bearing on the sale of passenger cars. 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.

Key strengths**Experienced Promoters and Management**

The Hyson Group was founded over 50 years ago by Mr. P.P. Aydru Haji, with initial interests in food retail and distribution in the Middle East. Over the decades, the group has diversified into multiple sectors including hospitality, automobile dealerships, and seafood exports. The group entered the automobile business in 2007 with the launch of Hyson Motors Private Limited as an authorized dealer for Tata Motors in Thrissur district, Kerala. With over 17 years of experience in the passenger vehicle segment, the company has established a strong local presence in Thrissur District. The group is currently managed by Mr. P.P. Fasalu, who brings decades of experience in retail and distribution, supported by his son Mr. Mohamed Shafee Fasalu and a team of professionals handling daily operations.

Established Association with Tata Motors Limited

The company has been associated with Tata Motors Limited (TML) since 2007 and has gained from the steady growth of its principal. TML has shown strong traction in the SUV and EV segments in recent years, helping it maintain its position among the top three passenger vehicle players in India. In FY25, the company's EV portfolio saw continued growth with models like Nexon EV, Punch EV, and Tiago EV gaining good market response. HMPL currently has 10 showrooms in Thrissur District of Kerala including the newly launched EV showroom in FY25. As Tata Motors continues to strengthen its presence in EV and SUV categories, HMPL is expected to benefit from this momentum, particularly in emerging EV markets.

Liquidity: Stretched

Company has cash accruals of ₹3.97 crores in FY25 as against the repayment obligations of ₹1.94 crores in FY26. Average working capital cycle was high at 49 days in FY25 (PY 37 days) majorly due to higher inventory holding. As of March 31, 2025, the unencumbered cash and bank balance stood at ₹2.57 crore (PY ₹4.27 crore), and the average working capital utilisation for 12 months ended May 2025 was around 73%.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[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

Hyson Motors Private Limited is an authorized dealer for Tata Motors Limited (CARE AA+; Stable / CARE A1+) in Thrissur District, Kerala, since 2007. The company has steadily grown its presence and currently operates 10 showrooms, 6 service centers, and 1 bodyshop in Thrissur, Kerala, offering full-fledged sales and after-sales support. Its flagship showroom and service center located at Puzhakkal, Thirssur.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	252.83	281.71	250.68
PBILDT	5.63	7.67	7.76
PAT	0.76	1.15	2.22
Overall gearing (times)	4.35	4.77	3.71
Interest coverage (times)	1.64	1.80	1.93

A: Audited UA: Unaudited; 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 (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		-	-	March 2032	3.08	CARE BB-; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	51.50	CARE BB-; Stable / CARE A4

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	3.08	CARE BB-; Stable				
2	Fund-based - LT/ST-Working Capital Limits	LT/ST	51.50	CARE BB-; Stable / CARE A4				

LT: Long 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

Annexure-5: Lender details

To view 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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