



Press Release

Big Boy Toyz Limited (BBT)

January 30, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	71.00	IVR BBB- Rating Watch with Developing Implications (IVR Triple B Minus, Rating Watch with Developing Implications)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating placed on watch with developing implications	Simple
Total	Rs. 71.00 Cr (Rupees Seventy-One Crore Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has placed the ratings assigned to various credit facilities of BBT under Rating Watch with Developing Implications. The rating watch reflects the recent search and seizure operations carried out by the Directorate of Enforcement (ED) at the premises of Big Boy Toyz Limited. Infomerics Ratings notes that the above operations may result in an adverse action, the impact of which is not ascertainable at present stage. Infomerics Ratings will engage with the company and closely monitor the progress in the above matter.

The rating continues to factor in extensive industry experience of the promoters & strong brand image, strong in-house technical capabilities, sole pan India player in the pre-owned luxury/premium segment, well established procurement policy and network, improving revenue and no concentration risk. However, these strengths are partially offset by moderate capital structure and debt protection metrics, working capital-intensive nature of operations and thin EBITDA margin as prevalent in automobile dealership industry.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained growth in revenue and/or EBITDA margin leading to improvement in debt protection metrics & capital structure.

Downward Factors



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- Further elongation of working capital cycle, any decline in the revenue and/or EBITDA margin leading to deterioration in liquidity position and impairment in debt protection metric.
- Any unfavourable findings in the search operation carried out by the external government agencies thereby impacting the operational performance and liquidity profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive industry experience of the promoters & strong brand image**
The promoters have experience of around 2 decades in the pre-owned luxury vehicle industry. This has given them an understanding of the market dynamics and helped build relationships with customers as well as perspective sellers. BBT has a fixed price policy, which shows the goodwill and the trust that the customers possess on the company. This is further supported by the fact that many of the customers are repetitive buyers.
- **Strong in-house technical capabilities**
Company has technical team comprising of around highly experienced personnel to evaluate the condition of cars by applying well defined testing procedures. Post testing, painting, and finishing, cars are listed on to the user-friendly website for sales. BBT provides warranty of six months from the date of delivery to its customers.
- **Price insensitive customers**
BBT's customer profile belongs to high profile wealthy families, film stars, sportspersons, and other celebrities. The price of the product generally remains immaterial, and they can afford to pay high premiums to purchase luxury cars. Being insensitive to price, the nature of business primarily is recession proof. This shows the inherent strength and capability of the business to overcome any adverse macro factor in the future.
- **Sole pan India player in the pre-owned luxury/ premium segment**
BBT is the only established brand at pan India level in pre-owned luxury cars. BBT has its presence in South India (through its Hyderabad store, now extended to Bangalore



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as well in the December 2023) and West (through its Mumbai store) along with head office and service center at Gurgaon (North India). It also has an early mover advantage in selling of pre-owned luxury cars.

- **Well established procurement policy and network**

BBT has a policy to buy non-accidental cars which are not more than three years old or have been driven for not more than 15,000 kms. The company also provides the schemes/ options for buying back the sold cars. Further, BBT has in-house sales and digital marketing team to keep a close tab on the prospective customers and availability of the pre-owned luxury cars. Having an established brand, BBT is also approached by the dealers of OEMs like BMW, Audi, etc. in assisting them to sell their unsold inventory of models on a commission basis.

- **Improving revenue**

The company witnessed Y-O-Y increase of 38.15% in revenue in FY24 (refers to period April 1st, 2023, to March 31st, 2024) marked by total operating income of Rs 350.14 crore [FY23: Rs 253.45 crore (refers to period April 1st, 2022, to March 31st, 2023)]. The company has achieved revenue of Rs 161.32 crore till September 2024.

- **No concentration risk**

Unlike OEMs' distributors/dealers, BBT is not dependent on the fortunes of any single brand. Consequently, concentration risk is fully mitigated. Authorized dealers have limited bargaining power and dependency in dealing with the single OEMs only. Business of BBT is immune to such risks on account of the diversified portfolio.

Key Rating Weaknesses

- **Moderate capital structure and debt protection metrics**

The company's capital structure remained moderate marked by overall gearing of 3.39x in FY24 (FY23: 2.76x) and TOL/TNW of 4.81x in FY24 (FY23: 3.56x). Debt protection metrics were moderate marked by ISCR and DSCR of 2.01x and 1.40x respectively in FY24.

- **Working capital intensive nature of operations**

Inventory management is crucial for BBT as it needs to maintain optimal inventory of vehicles to meet the premium customers' demand. Accordingly, the average inventory period of the company stood at around 83 days in FY24. The operating cycle of the company stood at 80 days in FY24 due to its high inventory period.



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- **Thin EBITDA margin as prevalent in automobile dealership industry**

The automobile dealership business is characterized by thin margins. The inherently low value addition and competition in the auto dealership business resulted in low operating margin for the company. BBT's operating margins remained thin at 4.49% in FY24 (FY23: 3.31%, FY22: 3.44%).

Analytical Approach: Standalone

Applicable Criteria:

[Policy for Placing Ratings on Rating Watch](#)

[Rating Methodology for Trading companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity of the company remains adequate marked by comfortable GCA for the projected repayments in the medium term. The fund based working capital utilisation remains high with average utilisation of around 97.26% for the last 12 months ended September 2024. The current ratio remained adequate at 1.18x in FY24 (FY23: 1.29x). The company's unencumbered cash and cash equivalent stood at Rs.1.09 crore in FY24.

About the Company

Incorporated in 2009, Big Boy Toyz Ltd (BBTL) operates five multi-brand, pre-owned luxury car showrooms under BBT brand. The company is based in Gurugram and promoted by Mr. Jatin Ahuja and family members. The showrooms are located in Gurugram, Delhi, Mumbai, Hyderabad and Bangalore. In addition, it has a service centre in Gurugram for repairing, painting and evaluating the cars that are procured by the company.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	253.45	350.14
EBITDA	8.38	15.72
PAT	3.06	5.38
Total Debt	54.09	84.51
Tangible Net Worth	19.62	24.95
EBITDA Margin (%)	3.31	4.49
PAT Margin (%)	1.21	1.54
Overall Gearing Ratio (x)	2.76	3.39
Interest Coverage (x)	2.08	2.01

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: N.A

Any other information: N.A

Rating History for last three years:

Sr. No .	Name of Security/Facilities	Current Ratings (2024-2025)				Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(Dec 09, 2024)	(Oct 11, 2023)	(July 12, 2022)	-
1.	Term Loan	Long Term	3.00*	IVR BBB-Rating Watch with Developing Implications	IVR BBB-/Stable	-	-	-
2.	Cash Credit	Long Term	68.00	IVR BBB-Rating Watch with Developing Implications	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-
3.	Dropline OD	Long Term	-	-	-	-	IVR BBB-/Stable	-
4.	WCTL	Long Term	-	-	Withdrawn	IVR BBB-/Stable	-	-

*Includes proposed term loan of Rs. 0.20 crore.



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Up to July 2028	2.80	IVR BBB- Rating Watch with Developing Implications
Cash Credit	-			Revolving	68.00	IVR BBB- Rating Watch with Developing Implications
Proposed Term Loan				-	0.20	IVR BBB- Rating Watch with Developing Implications

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-BigBoy-jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.