



## Press Release

### Galaxy Automobiles Private Limited

**April 18, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Long Term Bank Facilities	445.25	IVR A-/ Stable (IVR A Minus; with Stable Outlook)	IVR BBB+/ Stable (IVR Triple B Plus; with Stable Outlook)	Rating Upgraded	Simple
<b>Total</b>	<b>445.25</b>	<b>Rupees Four Hundred Forty Five Crore and Twenty Five Lakhs Only</b>			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

#### **Detailed Rationale**

Infomerics Ratings (IVR) has upgraded the long-term rating to IVR A- with a Stable outlook for the bank loan facilities of Galaxy Automobiles Private Limited (GAPL).

The rating continues to draw comfort from the experience of the promoters in automobile dealership business along with wide dealership network & company's established market position with long standing relationship with Original Equipment Manufacturers (OEMs) and GAPL's diversified revenue profile, efficient management of working capital cycle, improved scale of operations and profitability, improved debt protection metrics and financial risk profile during FY2024 and 11MFY25. However, these strengths are partially offset by thin profitability margins inherent to dealership business, susceptibility to intense competition with dealers of other OEMs in the passenger segment and cyclical nature of the automobile industry.

The outlook is 'Stable' on account of long-standing relationship Toyota Kirloskar Motors Private Limited (TKMPL) and improved demand of passenger vehicles by the customer's, which provides revenue visibility in the medium term.

IVR has principally relied on the standalone audited financial results of GAPL upto 31 March 2024 (refers to period April 1st, 2023, to March 31, 2024) results, 11MFY25 unaudited results and projected financials for FY25, FY26 and FY27, and publicly available information/clarifications provided by the company's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 2400 crore and operating profitability margins
- Improvement in debt protection metrics
- Sustenance of the overall gearing below 1.25x

#### Downward Factors

- Significant reduction in the scale of operations and profitability margins,
- Deterioration in debt protection metrics and overall gearing

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of operations and experienced management:**  
The company commenced its operations in 1999 and has a successful track record of more than two decades in the existing line of business. Overall activities of GAPL are managed by three directors with Mr. Ashok Sachdev being the Chairman cum Managing Director. He has more than 30 years' experience in the automobile dealership business. He is ably supported by other director namely Mr. Harpreet Sachdev who have effective experience in automobile dealership business as well as supported by qualified and well experienced management team.
- **Established market position with long standing association with its principal-TMKPL coupled with diversified revenue profile:**  
GAPL is engaged in the automobile dealership business and has long standing association with its principal Toyota Kirloskar Motors Private Limited (TMKPL) since 1999. It currently operates 8 showroom's and 6 well equipped workshops/service centers across Delhi NCR i.e., Moti Nagar, Dwarka, Shalimar Place, Chhatarpur, Narela, Lajpat Nagar, Okhla and Azadpur. It also operates 3 Toyota U- Trust (pre-owned car) outlets at Moti Nagar, Dwarka and Shalimar Place which are located within the existing showroom premises. It operates its showroom under the brand name of "Galaxy Toyota" and is a well-recognized car dealership brand across Delhi NCR. The company thus has a diverse revenue profile with income coming from sale of cars, used cars, service and sale of spare parts. The company garners higher margins in the used cars and service segment when compared to new cars segment.
- **Improved scale of operations and profitability:**  
The scale of operations, i.e. total operating income (TOI) has improved by ~23.40% to Rs. 1561.26 crore in FY2024 from Rs. 1265.20 crore in FY2023. In 11MFY25 TOI



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further improved by 34.40% Rs. 1871.46 crore as compared to Rs. 1392.46 crore in 11MFY24. EBITDA and PAT have improved to Rs. 54.66 crore and Rs. 15.05 crore respectively in FY2024 from Rs. 49.76 crore and Rs. 10.96 crore respectively in FY2023 due to an increase in income. In 11MFY25 EBITDA further improved by 38.36% to Rs. 65.50 crore as compared to Rs. 47.34 crore in 11MFY24.

- **Improved debt protection metrics and financial risk profile:**

In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) and debt service coverage ratio (DSCR) have improved to 2.14x and 1.19x respectively in FY2024 from 1.91x and 1.12x respectively in FY2023 due to better profitability. The tangible net worth has improved to Rs. 169.46 crore in FY2024 from Rs. 155.24 crore in FY2023 mainly due to retention of profits. In 11MFY25 TNW further improved to Rs.187.74 crore. Overall gearing remained comfortable at 1.56x in FY2024.

- **Efficient management of working capital cycle:**

The company has efficiently managed its working capital cycle as reflected in its operating cycle days of 59 days for FY2024 (FY2023: 61 days). The company is required to stock different models of vehicles and spares in the showrooms in order to ensure adequate availability and visibility, thus leading to moderate levels of inventory. The average inventory holding days of the company stood at 52 days during FY2024 (FY2024: 52 days). Maintaining adequate inventory requires the company to rely on external borrowings. The sales are made to the customers mostly on "Cash and Carry" basis with certain percentage of vehicles bought on vehicle financing from banks. The same leads to the average collection period of around 9 days. Further, on account of the limited bargaining power of the OEM, the company receives the shorter credit period of around 2-4 days.

### Key Rating Weaknesses

- **Thin profitability margins inherent to dealership business**

The dealership business is characterized by thin margins and low bargaining power of the dealer, as margins on vehicles are determined by the principal. GAPL also faces revenue concentration risk, as its entire revenues are solely dependent on a single principal, TMKPL.

- **Intense competition and regional concentration of sales:**

The company faces competition from dealers of other original equipment manufacturers (OEMs), along with dealers from the same principal resulting in increased pressure to



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pass on discounts to customers. The sales are regionally concentrated with its revenue derived from Delhi NCR region.

- **Cyclical nature of automobile industry:**

The auto industry is inherently vulnerable to the economic cycles and is highly sensitive to the movement in interest rates and fuel prices. A hike in interest rate, increases the costs associated with the purchase, leading to purchase deferral. Fuel prices have a direct impact on the running costs of the vehicle and any hike in the same would lead to reduced disposable income of the consumers, influencing the purchase decision. The company thus faces significant risks associated with the dynamics of the auto industry.

**Analytical Approach:** For arriving at the ratings, IVR has analysed GAPL's credit profile by considering the standalone financial statements of the company.

**Applicable Criteria:**

[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 company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 41.43 crore, as on 31 March 2024. Against a current portion of long-term debt (CPLTD) of Rs 16.03 crore in FY2024, the company had a cash accrual of Rs. 24.09 crore in FY2024. The company projected to generate cash accruals between Rs. 30.15 crore -Rs. 38 crore from FY2025-FY2027 which are sufficient for future repayment obligations. With adequate expected cash accruals against repayments, the liquidity position will remain adequate.

**About the Company**

Galaxy Automobiles Private Limited (GAPL) was incorporated on 24 December 1999 under the leadership of Mr. Ashok Sachdev and was awarded the dealership of Toyota Kirloskar Motors Private Limited (TKMPL) for New Delhi. He is ably supported by his son, Mr. Harpreet Sachdev. Over the years, GAPL has grown its size by opening outlets across Delhi NCR and currently owns 8 showrooms and 6 well equipped workshops/service stations at Moti Nagar, Dwarka, Shalimar Place, Chhatarpur, Lajpat Nagar, Okhla, Narela and Azadpur. It also operates 3 (pre-owned car) outlets at Moti Nagar, Dwarka and Shalimar Place which



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are located within the existing showroom premises. It sells used cars under the name Toyota U- Trust Program. It operates its showroom under the brand name of “Galaxy Toyota” and is a well-recognised car dealership brand across Delhi NCR. It has a combined showroom space of 60,000 sq. ft. and workshop area exceeding 2,00,000 sq. ft.

### Financials (Standalone):

For the year ended as on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1265.20	1561.26
EBITDA	49.76	54.66
PAT	10.96	15.05
Total Debt	209.28	264.11
Tangible Networkth	154.40	169.46
EBITDA Margin (%)	3.93	3.50
PAT Margin (%)	0.87	0.96
Overall Gearing Ratio (x)	1.35	1.56
Interest Service Coverage Ratio (x)	1.91	2.14

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

### Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 25 <sup>th</sup> July 2024	Date(s) & Rating(s) assigned in 2023-24 22 <sup>nd</sup> February 2024	Date(s) & Rating(s) assigned in 2022-23 28 <sup>th</sup> February 2023
1.	Fund Based	Long Term	445.25	IVR A-/Stable	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB+/Stable





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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt 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 visit [www.infomerics.com](http://www.infomerics.com)

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Inventory Funding/eDFS	-	-	-	293.50	IVR A-/Stable
Cash Credit	-	-	-	75.58	IVR A-/Stable
GECL Term Loan	-	-	December 2025	1.89	IVR A-/Stable
Term Loan	-	-	August 2026	13.16	IVR A-/Stable
GECL Term Loan	-	-	May 2027	7.16	IVR A-/Stable
GECL Term Loan	-	-	March 2028	2.69	IVR A-/Stable
GECL Term Loan	-	-	May 2028	6.04	IVR A-/Stable
Term Loan	-	-	January 2031	1.41	IVR A-/Stable
Term Loan	-	-	June 2031	8.93	IVR A-/Stable
Term Loan	-	-	August 2034	34.89	IVR A-/Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-galaxy-auto-apr25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated securities/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](http://www.infomerics.com).