

## Tarini Motors Private Limited

Instrument	Rated Amount (Rs. crore)	Rating Action (As in March 2016)
Fund Based – Cash Credit	3.25 (Revised from 2.00)	[ICRA]B+ re-affirmed
Fund Based – Term Loan	1.74 (Revised from 2.09)	[ICRA]B+ re-affirmed
Non-fund Based – Bank Guarantee	2.50	[ICRA]A4 re-affirmed

ICRA has re-affirmed the **[ICRA]B+** (pronounced ICRA B plus) rating of the Rs. 3.25 crore (revised from 2.00 crore) cash credit limit and the Rs. 1.74 crore (revised from Rs. 2.09 crore) term loan facility of Tarini Motors Private Limited (TMPL / the company). ICRA has also re-affirmed the **[ICRA]A4** (pronounced ICRA A four) rating of the Rs. 2.50 crore short-term non-fund based bank limits of TMPL. The rating suspension of January 2016 has been revoked.

While re-affirming the ratings, ICRA has considered TMPL's weak financial profile characterized by high gearing level, depressed coverage indicators and a high working capital intensity of operation due to higher inventory holding requirements, which adversely impacts the liquidity position of the concern, as also reflected by high utilization of working capital limits. The ratings are also constrained by thin margins on the auto dealership business due to bargaining power and margins being controlled by MTBL, coupled with the intense competition from other OEM dealerships in the region, thereby limiting growth to an extent. The re-affirmation in ratings is, however, supported by the consistent increase in the operating income of the company. The established position of MTBL in the commercial vehicle segment and the diversified portfolio of the vehicles, ranging from LCVs to 49T tractor-trailers provide a cushion against business downturns in any single segment. Going forward, the company's ability to improve its working capital cycle, and consequently its cash flow position, through inventory management while increasing the scale of operations, will remain the key rating sensitivities.

### Company Profile

Tarini Motors Private Limited is engaged in the automobile dealership of commercial vehicle of Mahindra Truck and Buses Limited. The company operates through a single showroom at Keonjhar in Odisha, and deals in HCVs, MCVs and LCVs. In addition, it is engaged in servicing of vehicles and deals in spare parts, besides providing lathe service to vehicles.

### Recent Results

TMPL reported a profit after tax (PAT) of Rs. 0.33 crore in FY2015 on an operating income (OI) of Rs. 24.33 crore, as against a PAT of Rs. 0.31 crore on an OI of Rs. 13.47 crore in FY2014.

**March 2016**

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