

Rating Rationale

Peaks Auto Pvt Ltd.

11th August 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Peaks Auto Pvt Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based Cash Credit Term Loans* WC DL	72.00 36.11 7.20	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable
Non-Fund Based BG	14.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)
Total	Rs. 129.31 Crores (INR One Hundred Twenty Nine Crores Thirty One Lakh Only.)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

*Term Loan o/s

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating assigned to the bank facilities of Peaks Auto Pvt Ltd positively factors extensive experience of the promoters and established track record of the company in the Auto Dealership business in association with Maruti Suzuki India Ltd (MSIL).

The ratings are however, constrained on account of its working capital intensive nature of operations, moderate scale of operation as compare to other players in the market, low net profit margins, low tangible net worth, high gearing, average financial risk profile marked by weak debt protection metrics and civil disturbance in J&K state which may impact sales projection for FY18.

Going forward the ability of the Company to scale up its revenues, improve the profitability margins, strengthen the capital structure, service debt repayment timely and efficiently manage its working capital would be key rating sensitivities.

Rating Outlook: Stable

BWR believes the Peaks Auto Pvt Ltd business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Peaks Auto Pvt Ltd was incorporated in 2008 in Kashmir by Mr. Baldev Singh. Peaks Auto is an authorized dealer of Maruti Suzuki India Ltd. for Jammu & Kashmir and deals in new Maruti Suzuki cars as well as certified used ones. They also deal in Maruti Genuine spares and accessories and also provide other services. Peaks Auto Pvt Ltd. showroom cum service station is situated at NHI-A, Lasjan bypass Srinagar.

Company Financial Performance

Company generated total operating income of ₹ 385.94 Crs. in FY16 as compared to ₹.460.28 crs.in FY15 profit after tax of company stood at ₹ 3.71 Crs. in FY16 as compared to ₹ (13.81) Crs. in FY15.As per Provisional financials FY17; the company generated total operating income of ₹ 451.97 Crs with PAT of ₹ 2.93 Crs.

	FY15	FY16
Net Sales/Revenues (in Rs. Crores)	460.28	385.94
EBIDTA (in Rs. Crores)	4.02	15.19
PAT (in Rs. Crores)	-13.81	3.71
Tangible Net worth (in Rs. Crores)	15.78	19.49
Total Debt : TNW (Times)	5.07	5.33
Current Ratio (Times)	1.21	1.12

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	72.00	BWR BB+	N.A	N.A	N.A
2	Term Loan	Long Term	36.11	BWR BB+	N.A	N.A	N.A
3.	WCDL	Long Term	7.20	BWR BB+	N.A	N.A	N.A
4.	BG	Short Term	14.00	BWR A4+	N.A	N.A	N.A



Status of non-cooperation with previous CRA (if applicable): N.A

Any other information: N.A

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Trading Entities](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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