



## Rating Rationale

A2Z Autowheels Pvt Ltd

25Apr2019

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 24.83 Crores of A2Z Autowheels Pvt Ltd.**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jul, 2017)	Present
Fund based	20.75	24.83	Long Term	<b>BWR BB</b> <i>(Pronounced as BWR Double B)</i> <b>Outlook: Stable</b>	<b>BWR BB</b> <i>(Pronounced as BWR Double B)</i> <b>Outlook: Stable Reaffirmed</b>
<b>Total</b>	<b>20.75</b>	<b>24.83</b>	<b>INR Twenty Four Crores Eight Three Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of FY18, and publicly available information and the information/clarifications provided by the company.

The rating takes into consideration the management experience, moderate increase in revenue and the average current ratio. However, the rating is constrained by low debt and interest coverage and low profitability.

Going forward, the ability of the company to enhance its scale operations with increased revenues, profit and profitability margins, to infuse own funds and manage working capital efficiently would be the key rating sensitivity.



## Description of Key Rating Drivers

- **Credit Strengths:**

**Management Experience:** Mr. Vivek Kumar already has an experience of over a decade in automobile industry through M/s Fatehabad Bajaj Automobiles (Proprietorship Firm)

**Revenue Increase:** The revenue of the company has increased by 7.70% i.e. to ₹82.31 Crs in FY18 from ₹76.42 Crs in FY17

**Current Ratio:** The Current ratio is at 1.5 times in FY18

- **Credit Risks:**

**Interest and Debt Coverage:** ISCR and DSCR is at 1.37 times and 0.70 times in FY18

**Profitability:** The net profit is at 0.49 % and the operating profit is at 4.53% in FY18

## Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

## Rating Outlook: Stable

BWR believes the **A2Z Autowheels 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

A2Z Autowheels Pvt. Ltd. has been registered as a company on 12th August 2013 and started their business on 8th June 2014. The company is promoted by Mr. Vivek Kumar (Managing Director), Mr. Pankaj Veerbhan (Director) and Mr. Perminder Tewatia (Director). Mr. Vivek Kumar already has an experience of over a decade in automobile industry through M/s Fatehabad Bajaj Automobiles (Proprietorship Firm). It is an authorized dealership of Bajaj located in Fatehabad, Haryana. A2Z Autowheels Pvt Ltd is the authorized dealer of Mahindra & Mahindra Ltd.



### Company Financial Performance

The company reported a total operating income of ₹ 82.31 Crs in FY18 and ₹ 76.42 Crs in FY17. Net profit was 0.49% in FY18 & 0.62% in FY17. Tangible Net Worth stood at ₹ 5.44 Crs as on 31st March 2018, while as on 31.3.2017 net worth was ₹ 5.03 Crs.

### Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	22.10.2018	20.07.2017	2016
1.	<b>Fund Based</b>	Long Term	24.83	<b>BWR BB</b> <i>(Pronounced as BWR Double B)</i> <b>Outlook: Stable</b> <b>Reaffirmed</b>	<b>Rating not Reviewed</b>	<b>BWR BB</b> <i>(Pronounced as BWR Double B)</i> <b>Outlook: Stable</b>	<b>Not Rated</b>
	<b>Total</b>		<b>24.83</b>	<b>₹ Twenty Four Crores Eighty Three Lakhs Only</b>			

Status of non-cooperation with previous CRA- Not to our knowledge

Any other information- Nil

### Annexure I

Name of the Bank	Tenure	Facility	Amount To be rated (₹ Crores)
Syndicate Bank	Long Term	Working Capital	18.00
		Term Loan (Outstanding Amount)	1.83
		<b>Total (I)</b>	<b>19.83</b>
TATA Capital	Long Term	Channel Finance	5.00

		Total (II)	5.00
		<b>Total (I+II)</b>	<b>24.83</b>

### Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Crs	82.31	76.42
EBITDA	₹ Crs	3.73	3.01
PAT	₹ Crs	0.41	0.48
Tangible Net worth	₹ Crs	5.44	5.03
Total Debt/Tangible Net worth	Times	4.84	5.12
Current Ratio	Times	1.50	2.10

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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