

## Press Release

### Brickwork Ratings assigns 'BWR B+' for the Bank Credit Facilities of ₹ 7.34 Cr of Aakash Auto Private Limited

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Credit Facilities of ₹ 7.34 Cr of Aakash Auto Private Limited

Facility	Limit (₹ Cr)	Tenure	Rating
Cash Credit EDFS	5.50	Long Term	<b>BWR B+</b> (BWR B Plus)  (Outlook: Stable)
Cash Credit- Spare Accessories and Receivables	1.00		
Term Loan	0.39		
Term Loan (New)	0.45		
<b>Total</b>	<b>7.34</b>	<b>Seven Crores &amp; Thirty Four Lakhs only</b>	

BWR has essentially relied upon the audited financial results of Aakash Auto Private Limited up to FY2011-12, provisional financials of FY2012-13, projections for FY2013-14, FY2014-15 and clarifications provided by the Company.

#### Background:

Aakash Auto Private Limited was incorporated in 2005 and is the authorized dealer of Chevrolet Sales India Private Limited. The Company is headquartered in Puducherry and has dealership activities spread in Puducherry along with the neighboring region in Tamil Nadu, viz., Cuddalore.

The Company is promoted by Mr. C.Palanivel, who is the Managing Director. He has an immense experience of over 15 years handling various businesses. He has a good network in Puducherry and other neighboring districts of Tamil Nadu. The other Director of the Company is Mr. S.Rajavel, who also has immense knowledge and experience in handling a dealership business.

#### Financial Performance:

The Company's overall turnover has witnessed a growth in revenues for FY11 & FY12 mainly due to increased sales of the vehicles. The operating profit has increased from 2.75% in FY11 to 3.49% in FY12. The net profits have increased from 0.44% in FY11 to 0.97% in FY12.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Rating

The overall debt to net worth ratio of the Company is at 1.81 for FY12. This ratio is expected to significantly increase in FY13, primarily due to new term loans being taken by the company. For FY12, the net worth of the Company is at ₹1.55 crores and has seen an increase partly due to infusion of fresh equity and plough back of profits for the year. The Company has moderate Return of Capital Employed (RoCE) at 17.75% for FY12.

The Company has provided a provisional turnover of ₹27.27 Crores for FY2012-13.

### **Rating Outlook:**

The ability of the Company to scale up its operations without affecting the profitability margins is an important criterion for its future performance. Also, the future performance of APL depends largely on the ability to sustain the growth in sales in a weak macroeconomic scenario. APL's ability to strengthen the capital structure and reduce the cash conversion cycle going forward is the other rating sensitivity.

<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.