

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹9 Cr of Abhinandan Motors Private Ltd. (AMPL)

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Loan Facilities of AMPL ('AMPL' or 'the company'):

Facility	Limits (₹Cr)	Tenure	Rating
<b>Fund Based:</b> Cash Credit Cash Credit(e-DFS)	<b>5.00</b> <b>3.00</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B Minus)  <b>Outlook: Stable</b>
<b>Non Fund Based:</b> Bank Guarantee	<b>1.00</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>9.00</b>	<b>INR Nine Crores only</b>	

BWR has principally relied upon the audited financial results of the company up to FY15, publicly available information and information/clarifications provided by the company.

The rating draws strength from the experience of the promoters in the automobile dealership business and the company's established market position due to its sole dealership of two wheelers and three wheelers of Bajaj Auto Ltd. These rating strengths are partially offset by AMPL's exposure to intense competition in the dealership business leading to pressure on profitability, susceptibility to risks arising from cyclical nature in the automobile industry, limited bargaining power with Bajaj Auto Ltd and working capital intensive nature of operations.

### Background

Abhinandan Motors Private Ltd (AMPL) was incorporated in 2006 at Hyderabad, Telangana. The company is an authorised dealer of **Bajaj auto limited** for three wheeler vehicles (goods carriers and passenger carriers) since 2005. In October 2010, the company also added the two-wheeler range of Bajaj Auto Ltd to its product portfolio.

AMPL has 17 showrooms at various locations in Hyderabad like Tolichowki, Attapur, Mehdiapatnam, Sangareddy, Siddipet, Zaheerabad, Medak, Tupran, Karimnagar, Sricilla Godavarikhani, Jagtial, Peddapalli, Husnabad, Huzurabad, Metpally.

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

Except Mehdiapatnam and Metpally, all other showrooms are equipped with 3S Facilities (Sales, Service Centre and Spare parts sales).

AMPL is part of the Hyderabad based Kothari group which is primarily into automobile Finance, automobile dealership, constructions and logistics businesses for the last three decades. Kothari group is managed by Mr.Swarup Chand Kothari & his son Mr. Rohit Kumar Kothari.

### Shareholding pattern and Management

Mr. Rohit Kumar Kothari (99%), and Ms. Sapna Kothari (1%), are the Managing Director and Director of the company respectively. Mr. Rohit Kumar Kothari has 15 years-experience in the automobiles dealership industry.

### Financial Performance

AMPL's net sales declined from ₹ 104.09 Crores in FY14 to ₹ 90.04 Crores in FY15. Three wheelers contributed around 74% of the revenue in FY15. AMPL reported Profit after tax (PAT) of ₹ 0.69 Cr in FY15 as compared to PAT of 0.57 Cr in FY14.

### Rating Outlook

The rating outlook is expected to be stable over the current year Going forward, the ability of the company to increase its scale of operations, increase services revenue, improve its profitability and manage its working capital efficiently would be the key rating sensitivities.

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