



Rating Rationale

Aditya MotoCorp Pvt. Ltd

30March2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 19.52 Crores of Aditya MotoCorp Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Sep, 2017)	Present
Fund based	8.85	19.52	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B (Pronounced as BWR Single B) Outlook: Stable Downgraded
Total	8.85	19.52	INR Nineteen Crores and Fifty Two Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results till FY18, projected financial statements till FY20, publicly available information.

The ratings assigned to Aditya MotoCorp Pvt. Ltd draws strength from the experience of the promoter and increasing Sales/Revenue. The present downgrading has factored declining profit margins, increased gearing, weak financials and a negative net worth.

Going forward, the ability of the business to increase its scale of operations, improve profitability margins and liquidity status would be the key rating factors for the rating of the business.



Description of Key Rating Drivers

- **Credit Strengths:**

The company is managed and run by members of the same family and ownership is kept within the family. The promoters of the company are Shri Dharamhari Prasad Singh, Sri Brajbhushan Prasad Singh and Sri Ahibhushan Singh. The revenue of the company has increased from Rs. 13.84 Crs in FY16 to Rs. 59.89 Crs in FY18.

- **Credit Risks:**

The company has increased significantly increased its gearing by availing additional credit facilities worth Rs. 11.00 Crs from HDFC Bank. High gearing along with weak coverage ratios of the company with DSCR at 0.80 times and ISCR at 0.27 times might hinder the growth of the company. The company has also reported losses of Rs 0.37 Crs in FY18 on account of significant increase in their finance costs. They currently have a negative net worth of -0.07 Crs.

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 **Aditya MotoCorp 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

Aditya Motocorp was incorporated on 4th June, 2015; with its registered office in Varanasi, Uttar Pradesh. It is an authorized dealer for Hyundai Passenger Cars. The business activities involve Sales, service and spares of (Original Equipment Manufacturer- OEM) Hyundai India Ltd. The company is managed and run by members of the same family and ownership is kept within the family. The promoters of the company are Shri Dharamhari Prasad Singh, Sri Brajbhushan Prasad Singh and Sri Ahibhushan Singh.



Company Financial Performance

The Company generated a revenue of Rs. 59.89 Crs and a loss of Rs. 0.37 Crs in FY18 where as in FY17 it generated a revenue of Rs. 52.97 Crs and a loss of Rs. 0.04 Crs. Tangible net worth of the unit decreased to Rs. -0.07 Crs in FY18 from Rs. 0.30 Crs in FY17.

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	21.12.2018	20.09.2017	2016
	Fund Based	Long Term	19.52	BWR B (Pronounced as BWR B) Outlook: Stable Downgraded	Rating Not Reviewed	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	Not Rated
	Total			₹ Nineteen Crores and Fifty Two Lakhs Only			

Status of non-cooperation with previous CRA (if applicable) : NA



Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type			
Operating Revenue	₹ Cr	59.89	52.97
EBITDA	₹ Cr	0.57	1.41
PAT	₹ Cr	(0.37)	(0.04)
Tangible Net worth	₹ Cr	-0.07	0.30
Total Debt/Tangible Net worth	Times	-	41.22
Current Ratio	Times	0.78	0.73

Hyperlink/Reference to applicable Criteria

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

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For print and digital media

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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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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.