



Rating Rationale

Aditya MotoCorp Pvt. Ltd.

20th Sept 2017

Brickwork Ratings assigns BWR B+ for the Bank Loan facilities of Rs. 8.85 Crs of Aditya MotoCorp Pvt. Ltd (AMPL or ‘the company’)

Particulars

Facility Rated	Amount (Rs. Crs)#	Tenure	Rating [^]
<u>Fund Based</u>			BWR B+
Term Loan	2.85	Long Term	(Pronounced BWR Single B Plus)
Cash Credit	6.00		Assigned
Total	8.85 (INR Eight Crores and Eighty Five Lakhs Only)		

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Annexure-I provides details of bank wise facilities

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials upto FY16, provisional financials for FY17, publicly available information and information/clarifications provided by the management.

The rating draws comfort from business experience of the promoters and the dealership arrangement with its principal Hyundai Motor India Ltd. The rating, however, is constrained by the small scale of operations, below average financial risk profile marked by small net worth, thin profitability and strained liquidity, intense competition in the passenger car market and working capital intensity of operations.

Going forward, the ability of the Company to achieve the anticipated revenue and profitability, effectively manage its working capital requirements and strengthen its overall credit profile would be the key rating sensitivities.

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)



Key Rating drivers

Credit strengths

- **Experienced management:** The Directors have business experience of around a decade. The company is an authorised dealer of Hyundai Motor India Limited.

Credit Weaknesses

- **Small scale of operations:** Commercial operations began only in 2015. Uncertainties pertaining to stabilisation of operations, and ramp-up in sales, therefore, continue to constrain credit risk profile..
- **Geographical concentration and susceptibility to intense competition:** Operations are majorly concentrated in the Varanasi region. This leads to geographical concentration in revenue, as any economic slowdown, especially in this region, will affect auto sales, which will eventually affect players like AMPL. The automotive sector is also intensely competitive, given the large number of players in the passenger car segment. The company faces intense competition from the unorganised used car market, and from established dealers.

Rating Outlook: Stable

BWR believes 'Aditya MotoCorp's 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 margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures and further deterioration in the liquidity of the company.

About the Company

Aditya MotoCorp was incorporated on 4th June, 2015 at Varanasi, Uttar Pradesh. It is an authorised dealer of Hyundai Passenger cars. Currently, it has one motor car showroom located at Varanasi which can accommodate around 400 vehicles. It has a service station located at Dafi, Varanasi. The company also has a 3S facility.

Mr. Ahibhushan Prathap Narayan Singh, Mr. Brajbhushan Prathap Narayan Singh, Mr. Dharmhar Prathap Narayan Singh and Mr. Umesh Prasad are the directors.

Financial Performance

FY 16 was the first period of commercial operations which commenced from November 2015. The company reported Net Sales of Rs. 13.84 Crs and Net Loss of Rs. 0.19 Cr for ~5M FY16. On a provisional basis, for FY17, the company reported Net Sales of Rs.40 Crs. and Net Profit of Rs. 0.29 Crs. Tangible net worth was Rs 0.26 Crs and Total debt was Rs.9.61 Crs as on March



31 2016 (A). The Company has high gearing level of 36.85 times as on March 31 2016. Current ratio was low at 0.84 times as on March 31 2016 (A)

Rating History for the last three years:

Instrument/ Facility	Current Rating (September 2017)			Rating History		
	Type	Amount (Rs. Crs)	Rating	2016	2015	2014
<u>Fund Based</u>			BWR B+			
Term Loan*	Long Term	2.85	(Pronounced BWR Single B Plus)	Not Rated	Not Rated	Not Rated
Cash Credit		6.00	Assigned			
Total		8.85				

* Term loan outstanding as on 24th August, 2017

Status of non-cooperation with previous CRA : CRISIL Ratings' advisory dt September 12 2017 states that the company is yet to provide requisite information to undertake a review of its ratings for the bank loan facilities.

Any other Information: Not Applicable

Hyperlink/Reference to **applicable** **Criteria**

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

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Annexure I – Details of Rated Facilities

Name of Bank	Bank Facilities	Type of Facility	Tenure	Amount (Rs. Crs)
Union Bank of India, Varanasi, UttarPradesh	Term Loan*	Fund Based	Long Term	2.85
	Cash Credit			6.00
Total				8.85

* Term loan outstanding as on 24th August, 2017

Annexure II

Key Financial Indicators

	FY16 (A)~5M	FY17 (Provisional)
Net Sales (Rs. Cr)	13.84	40.00
EBITDA (Rs. Cr)	0.1	0.26
PAT (Rs. Cr)	-0.19	0.29
Tangible Net Worth (Rs Cr)	0.26	1.35
Total Debt: TNW (Times)	36.85	7.33
Current Ratio (Times)	0.84	1.00



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 ₹ 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.

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