



Rating Rationale

Aims Retail Services (P) Ltd.

08 Jan 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 17.60 Crores of Aims Retail Services (P) Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	17.60	Long Term	BWR BB- (Pronounced as Double B Minus) Outlook: Stable
Total	17.60	INR Seventeen Crores And Sixty Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials of FY17 & FY18 and projected sales for the FY19, and publicly available information and the information / clarification provided by the company's management.

The rating draws strength from the strong growth in sales of the company in the last two years wherein its sales reached Rs.84.26 Cr in FY 18 from Rs.60.13 Cr in FY 17. It also factors the high demand nature of the mobile phone industry which is growing at more than 14% annually. The rating also takes comfort in the moderate gearing level of 2.11x and DSCR & ISCR of 1.25 & 1.08 respectively in FY 18.

The rating is however constrained by the declined profit margins of the company in FY 18 wherein its operating profit margin came down to 1.24% in FY 18 as compared to 2.69% in FY 17 and net profit margin reduced to 0.15% in FY 18 as compared to 1.11% in FY 17. The rating is also constrained by the intensely competitive nature of the mobile handset industry.

Going forward the company's ability to sustain its sales growth and minimize its operating costs thereby increasing its operating margins will be the key rating rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **High growth in sales:** The company has registered high growth in sales in past 2 years as it has increased to Rs.84.26 Cr in FY18 from Rs.60.13 Cr in FY17.
- **Moderate gearing:** The company is moderately geared at 2.11 times in FY 18 as reflected in Total Debt/TNW.
- **Moderate debt protection metrics:** The debt protection metrics of the company are moderate as reflected in ISCR & DSCR of 1.08 & 1.25 respectively in FY18.
- **Experienced management:** The directors of the company are highly experienced in this industry and have good long business experiences.
- **Association with leading brands:** The company distributes the mobile phones of all leading brands i.e. Apple, Samsung, Motorola, Vivo, Xiomi etc.

Credit Risks:

- **Declined profits:** In spite of increased sales in FY18, the profits of the company have declined due to increased costs.
- **Intense competition:** The level of competition in the mobile phones industry is very high because of large number of players in the market.

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 **Aims Retail Services (P) 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

Aims Retail Services (P) Ltd is a private limited company registered with RoC Delhi and has registered address at WZ-49, 3rd Floor, Raja Garden, New Delhi-110015. The office is located at F-137, 2nd Floor, Main Market, Rajouri Garden. The company is engaged in the wholesale trading of mobile phones & related accessories. Some of the mobile phone brands in which the company deals in are Apple, Samsung, Motorola, Xiomi, Vivo etc.

Company's Financial Performance

The company has shown very good growth in sales in last 3 FYs with sales increasing from just Rs.4.99 Cr to Rs.84.26 Cr in FY 18. The company is moderately geared with Total debt/TNW of 2.11 times in FY18. Its debt protection metrics are at moderate levels with DSCR & ISCR of 1.25 & 1.08 respectively in FY18. It has sufficient liquidity with current ratio at 1.43 times in FY18.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	84.26	60.13
EBITDA	₹ Cr	1.07	1.66
PAT	₹ Cr	0.13	0.69
Tangible Net worth	₹ Cr	4.56	4.43
Total Debt/Tangible Net worth	Times	2.11	1.87
Current Ratio	Times	1.43	2.19

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based Cash Credit Dropline OD OD backed by SBLC	Long term	8.00 1.60 8.00	BWR BB- (Pronounced as Double B Minus) Outlook: Stable	NA	NA	NA
	Total		17.60	₹ Seventeen Crores And Sixty Lakhs Only			

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



Hyperlink/Reference to applicable Criteria

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