



Rating Rationale

Anika Motors Private Limited

16 May 2018

Brickwork Ratings reaffirms the rating 'BWR B+ (Outlook: Stable)' for the Bank Loan Facility of Rs. 8.67 Crore of Anika Motors Private Limited

Particulars

Facilities Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based Term loan	10.00	8.67 [#]	Long Term	BWR B+ <i>(Pronounced BWR Single B Plus)</i> Outlook: Stable	BWR B+ <i>(Pronounced BWR Single B Plus)</i> Outlook: Stable <i>Reaffirmed</i>
Total	10.00	Rs. 8.67 Crore (Rupees. Eight Crore Sixty Seven Lakh Only)			

Term Loan Outstanding as on 15th May 2018

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

Rating: Brickwork Ratings reaffirms the Long Term rating of *BWR B+ (Outlook: Stable)* for the Bank Loan Facility of Rs. 8.67 crore of Anika Motors Private Limited.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Brickwork Ratings has essentially relied upon the audited financials upto FY17, projections upto FY20, publicly available information and information/clarifications provided by the company's management.

The rating continues to factor the extensive experience of management in auto dealership business, monopoly of Jaguar & Land Rover authorized dealership in Andhra Pradesh, existing customer base, favorable location of the company's 3S facility and implicit support received from Lakshmi Group. However, the rating continues to be constrained by nascent stage of business operations, average financial risk profile, highly leveraged capital structure, inherent risks associated with Indian Luxury car industry and Regulatory changes and working capital intensive nature of operations.

Going forward, ability of the company to achieve the projected revenue, to improve its profitability, to infuse additional capital, to strengthen its overall financial profile and to manage its working capital efficiently will be the key rating sensitivities.



Key Rating Drivers

Credit Strengths

- AMPL's management has extensive experience in Automobile Authorised Dealership business.
- The company enjoys monopoly of Jaguar & Land Rover authorized dealership in Andhra Pradesh.
- AMPL is part of Lakshmi Group, which has significant experience in authorized dealership of reputed passenger car brands, which support for smooth business operations.

Credit Weaknesses

- AMPL is in nascent stage, as the company started its business operations from September 2017. On a provisional basis, the company reported a revenue of around Rs. 25.41 crore in FY18 (*in 7 months of operations*).
- The company has stressed capital structure on account of low tangible net worth and average financial risk profile.
- AMPL face stiff competition from other reputed players who provide a wide variety of substitutes at competitive prices and other inherent risks associated to luxury car segment and Government Regulatory changes.
- High working capital requirement due to nature of business operations.

Analytical Approach

For arriving at its ratings, Brickwork Ratings has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

Brickwork Ratings believes that **Anika Motors Private Limited's** ('AMPL' or 'the company') business risk profile will be maintained over 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

Anika Motors Private Limited ('AMPL' or 'the company'), was incorporated in August 2015 at Visakhapatnam, Andhra Pradesh. The company started its commercial operations from September 2017. AMPL is an authorised dealer for Jaguar & Land Rover Cars, has setup showroom and workshop with 3S facilities (Sales, Service and Spares) at Atmakur, Mangalagiri Mandal, Guntur district, Andhra Pradesh.



The company is part of Lakshmi Group, which is involved in authorized dealership of reputed passenger car brands, apart from other business activities.

Financial Performance

AMPL started its commercial business operations from September 2017. Tangible net worth was Rs. 1.93 Crore as on 31st March 2017. On a provisional basis, the company reported a revenue of around Rs. 25.41 crore in FY18 (in 7 months of operations).

Key Financial Parameters

(Rs. Crore)		FY16	FY17
		Audited	Audited
Revenue	Rs. Cr	-	-
EBIDTA	Rs. Cr	(0.02)	(0.01)
Profit After Tax	Rs. Cr	(0.02)	(0.01)
Tangible Net worth	Rs. Cr	2.90	1.93
Total Debt : Tangible Net worth	Times	0.21	6.17
Current Ratio	Times	5.04	1.32

Rating History for the last three years

Sl. No.	Instrument/ Facilities	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs. Cr)	Ratings	2017 ¹ (31 st Mar 2017)	2016	2015
1	Term Loan	Long Term	8.67 [#]	BWR B+ (Outlook: Stable) <i>Reaffirmed</i>	BWR B+ (Outlook: Stable) <i>Assigned</i>	-	-
Total			Rs. 8.67 Crore (Rupees. Eight Crore Sixty Seven Lakh Only)				

[#] Term Loan Outstanding as on 15th May 2018

¹ Amount Rated: Rs. 10.00 Crore

Status of Non-Cooperation with Other CRA: Not Available.

Any other information: Not Applicable



Hyperlink/Reference to applicable Criteria

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

Analytical Contacts	Media
K Venkateswara Raju Head – MSME Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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.

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.