



Rating Rationale

Arise Automotives Pvt Ltd

16Apr2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 34.00 Crores of Arise Automotives Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Cash Credit	32.00	Long Term	BWR B (Outlook:Stable) (Pronounced BWR Single B)
Term Loan	2.00^^	Long Term	
Total	34.00	INR Thirty Four Crores Only	

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

^^ Term loan is not yet disbursed as on 6.4.2018

Rating Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied on Audited Financials upto FY 17 and Projected financials upto FY 19, publicly available information and information /clarification provided by the company's management

The Rating factors inter-alia the experience of promoters and dealership with Hyundai motors india Ltd, increased revenue in FY18 upto Feb 18

The ratings are constrained by low networth, high gearing, negative interest coverage indicator, negative profit margins, stretched conversion cycle

Description of Key Rating Drivers

Credit Strengths:

Promoters have experience of around 5-7 years, Dealership started in Aug 2013 Revenue reported at Rs 120 Crs till Feb 2018



Credit Risks: Net worth is Rs 1.23 Crs in FY 17, Gearing is at 18.29 times in FY 17, interest coverage is negative at 1.10 times in FY17, net profit margin is at negative 4.27% and operating profit margin is negative at 4.80%. as at FY17 The conversion cycle is at 112 days

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 **Arise Automotives 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

The Company has been incorporated on 23rd of August of 2013. The company has been founded by Mr. Sajad Ahmad Beigh, Mr. Omar Ismail Beigh and Mr. Tufail Ahmad Khan. The Commercial Operations have been started in year 2013. The Company since incorporation has been private limited company. The Company has been the authorised dealers of Hyundai Cars, Mobis India Limited. The Company is presently operating through Main Showroom at Tengpora and having further showrooms at Batmaloo (Srinagar), Sangrama Sopore, BumhamaKupwara&Handwara. All the showrooms are on rented premises. The Company's Customers are located in Kashmir Valley.

The company reportedly not functioned for about 6 months in FY 17 due to disturbances across the Valley .

Company Financial Performance

The Total Operating Income for FY 17 stands at Rs 48.59 Crs and for FY 16 stands at Rs 85.61 Crs. The PAT for FY 17 is Rs -2.07 Crs and for FY 16 stands at Rs 0.53 Crs. The Tangible Net worth for FY 17 stands at Rs 1.23 Crs

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1)	Fund Based Cash Credit	Long Term	32.00	BWR B (Outlook:Stable) Pronounced BWR Single B)	Not Rated	Not rated	Not rated
2)	Term Loan	Long Term^^	2.00				
	Total		34.00	₹ Thirty Four Crores Only			

^^ Term loan is not yet disbursed as on 6.4.201

Status of non-cooperation with previous CRA -Not Known

Any other information-None

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Operating Revenue	₹ Cr	48.59	85.61
EBITDA	₹ Cr	-2.33	-0.24
PAT	₹ Cr	-2.07	0.53
Tangible Net worth	₹ Cr	1.23	3.30
Total Debt/Tangible Net worth	Times	18.29	4.98
Current Ratio	Times	3.54	3.70

Hyperlink/Reference to applicable Criteria



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

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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.