

## Rating Rationale

**Brickwork Ratings assigns ‘BWR BBB’ for the Bank Loan Facilities amounting to ₹20 Cr of Arvind Motors Private Limited.**

Brickwork Ratings (BWR) has assigned the **Rating<sup>1</sup>** for Bank Loan facilities of Arvind Motors Private Limited (“AMPL” or “the Company”) as follows:

Facility	Limit (₹ Cr)	Tenure	Rating
<b>Fund Based</b> Cash Credit (under E-DFS Scheme)	<b>20.00</b>	<b>Long Term</b>	<b>BWR BBB</b> (Pronounced BWR Triple B) <b>(Outlook : Stable)</b>
<b>Total</b>	<b>20.00</b>	<b>INR Twenty Crores only</b>	

Note: Details of Bank loan facilities are provided in Annexure I

BWR has principally relied upon the audited financials up to FY15 of AMPL, publicly available information and information/clarifications provided by the Company's management.

The rating draws strength from the established position of AMPL in the auto dealership market in Karnataka, long standing relationship of more than six decades with Tata Motors Limited (TML), its principal for commercial vehicles, experienced management, strong group presence and well established showrooms and services network. These rating strengths are partially offset by AMPL's exposure to intense competition, thin profitability; susceptibility to risks associated cyclical in the automobile industry and limited bargaining power with principal Tata Motors Limited.

### Background:

Arvind Motors Private Limited is a Mangalore, Karnataka based Company which was initially established as a partnership firm in 1954 and subsequently reconstituted as a private limited Company in 1999. The Company is an authorised dealer of Tata Motor Limited's commercial vehicles, spares & lubricants and has been associated with TML since 1954. It offers the entire range of TML's commercial vehicles (light, medium & heavy). The Company has 11 showrooms and 2S (Sales and Service) & 1S (Sales) facilities in 35 locations in Karnataka. The group companies are into dealership business in different automobile segments viz., Mandovi Motors Private Limited, Bangalore is an authorised dealer of Maruti Suzuki Cars and Supreme Auto Dealers Private Limited is one of the oldest Bajaj bikes dealers in Karnataka.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

## Management Details

AMPL is a family owned business. Mr. A. Kishore Rao is the Managing Director. Mr. A. Sanjay Rao, Mr. A. Ashok Rao, Mr. A. Arjun Rao and Mrs. A. Padmini Rao are the other Directors.

## Financial Performance:

AMPL reported Total revenue from operations of ₹ 584.86 Crores and PAT of ₹ 0.69 Crores in FY15 as against Total revenue of ₹ 558.12 Crores and PAT ₹4.24 Crores FY14. The decline in PAT is attributed to higher operating and interest costs. Tangible net worth was ₹28.82 Crores as on 31 March 2015.

## Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the Company's ability to sustain growth in operations, improve profitability in an intensely competitive environment and efficiently manage its working capital would be key rating sensitivities.

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**Arvind Motors Private Limited**

**Annexure– I: Details of rated Bank loan facilities**

<b>Bank Name</b>	<b>Facility</b>	<b>Limits in ₹ Cr</b>
<b>State Bank of India</b>	Cash Credit (under E-DFS Scheme)	<b>20.00</b>
	<b>Total</b>	<b>20.00</b>

**Note:** Working capital facilities from Private Banks (ING Vysya Bank (now known as Kotak Mahindra Bank) and HDFC Bank) and NBFCs (Cholamandalam Investment and Finance Company Limited, Tata Motors Finance Limited and Mahindra & Mahindra Finance Limited) aggregating to ₹ 39.50 Crores and Term Loan (o/s of ₹15.09 Crores as on 31 March 2015) availed from ING Vysya Bank (now known as Kotak Mahindra Bank) are not rated, as requested by the client.