



Rating Rationale

Arvind Motors Private Limited

17th February 2017

Brickwork Ratings reaffirms BWR BBB for the Bank Loan Facilities of Arvind Motors Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present [#]		Previous	Present
Fund Based	20.00	20.00	Long Term	BWR BBB (Outlook: Stable)	BWR BBB (Outlook: Stable) (Reaffirmed)
Total	20.00	Rs. 20.00 Crores (INR Twenty Crores Only)			

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

[#] Annexure I provide bank-wise details of facilities

Ratings Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating reaffirmation of **Arvind Motors Private Limited (AMPL)** takes into consideration the established position of the company 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 AMPL's brand image with well established showrooms & services network in various cities. However, the ratings remain constrained by the trading nature of business, exposure to intense competition in Small Commercial Vehicle (SCV) category which has affected profitability, susceptibility to risks associated with cyclicity in the automobile industry, limited bargaining power with principal TATA Motors Limited and weak debt protection metrics.

Going forward, the ability of the company to sustain growth in operations, improve profitability in an intensely competitive environment and manage its working capital efficiently would be the key rating sensitivities.



Rating Outlook: Stable

BWR believes that **Arvind Motors Private Limited'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 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

Arvind Motors Private Limited (AMPL) 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 Motors Limited's (TML) commercial vehicles, spares & lubricants and has been associated with TML since 1954. AMPL offers the entire range of TML's commercial vehicles (light, medium & heavy). The company has 11 showrooms and 2S (sales & services) and 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

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 Net Sales of Rs. 476.62 Crs and Loss of Rs 2.74 Crs in FY 16 as against Net Sales of Rs. 462.92 Crs and Loss of Rs. 0.69 Crs in FY 15. On a provisional basis, AMPL reported net sales of around Rs. 503.30 Crs for 9MFY17.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Facility	Current Rating (Year 2017)			Rating History	Rating History	Rating History
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Fund Based	Long Term	20.00	BWR BBB (Reaffirmation) (Outlook: Stable)	Not Rated	BWR BBB (Outlook: Stable) 20 Nov 2015	Not Rated



Hyperlink/Reference to applicable Criteria

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

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Arvind Motors Pvt Ltd
Bank Facilities
Annexure I

Bank Facility*	Tenure	Outstanding Amount to be Rated
State Bank of India (Sanction Date: 27/08/2015)		
Cash Credit (Under E-DFS Scheme)	Long Term	20.00
Total Fund Based (FB)		20.00

*AMPL also has banking arrangements from Kotak Mahindra Bank, Indusind Bank and Non-Banking Financial Companies aggregating to approx Rs. 62 Crs which are not rated, as requested by the company.



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 100cities.

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.