

Rating Rationale

Ashishta Motors

25Apr2018

Brickwork Ratings assigns ratings for the bank loan facilities of Rs.6.88 Crs of Ashishta Motors

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating
Fund Based			BWR B (Pronounced BWR Single B)
Cash Credit	3.00	Long Term	Outlook: Stable
Overdraft(E-DFS)	1.20		
Term Loan I	1.24		
Term Loan II	1.44		
Total	6.88 (INR Six Crores and Eighty Eight 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 principally relied upon the audited financial results up to FY17 and sales figure till March'18 of Ashishta Motors, publicly available information and information/clarification provided by the firm.

The rating inter alia, factored in the vast experience of the promoter in the automobile dealership business and consistent growth in income. The ratings are, however, constrained by AM's small size of operations, high competition and inherently low-margin nature of the business, deceleration in demand and a weak macro-economic environment. Going ahead, the ability of the firm to improve its scale of operations, strengthen its capital structure for ongoing capex plans, improvement in profitability margins and efficient management of working capital would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Ashishta Motors** 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 Firm

Ashishta Motors is a Partnership firm and was established in July 2011, It is a dealer of Mahindra & Mahindra's Commercial Vehicles and started functioning since April 4, 2012. The firm is a dealer for both Passenger and Commercial Vehicles in the 3 districts of Sivagangai, Ramanathapuram and Virudhunagar. The Main Showroom & Workshop(service centres) with all facilities and Bodyshop is functioning at Managiri, Karaikudi and they have branches at Sivagangai, Virudhunagar, Sivakasi, Paramakudi & Ramnad. Currently they are selling about 120 vehicles and servicing around 600 vehicles monthly.

Key Rating Drivers

- The promoter of the firm has more than two decades of experience in the automobile dealership business.
- The firm's sales have increased by 50% in FY17 as compared to FY16 and net profit margin of the firm continued to remain low at 0.40% in FY17 due to trading nature of business and increase in interest cost.
- AM has relatively high gearing level which has further deteriorated in FY17 to 4.67 times as against 4.35 times in FY16 due to increase in borrowings
- The automotive sector is intensely competitive with leading established players with various car segments and unorganised used car market.

Firm Financial Performance

As confirmed by the firm, revenue achieved from April'17 to Mar'18 is Rs.36.00 Crs.

Key Financial Indicators

Particulars	FY16 (Audited)	FY17 (Audited)
Net Sales (In Crs)	18.64	28.02
EBITDA (In Crs)	0.17	0.18
PAT (In Crs)	0.10	0.11
Net worth (In Crs)	0.93	1.53
Total Debt / TNW (Times)	4.35	4.67
Current Ratio (Times)	0.65	5.63

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

Sl. No.	Instrument/Facility	Current Rating (Year 2018)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2017	2016	2015
1	Cash Credit	Long Term	3.00	BWR B (Outlook: Stable)	NIL	NIL	NIL
2	Term Loan I	Long Term	1.24				
3	Term Loan II	Long Term	1.44				
4	Overdraft(E-DFS)	Long Term	1.20				
	Total		6.88	INR Six Crores and Eighty Eight Lakhs only			

*Term loan o/s as on 12.04.18

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)



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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 ₹ 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

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