



Rating Rationale

Ashok Electronics Appliances

31 Oct 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.00 Crores of Ashok Electronics Appliances.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	7.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) (Outlook: Stable)
Total	7.00	INR Seven Crores Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the concern's audited financial statements upto FY18, projected FY19 financials and publicly available information and the information/clarifications provided by the concern.

The ratings draws strength from experience of management in the field of dealing in electronic goods, moderate debt protection metrics and modest current ratio. However, the rating is constrained by low net worth, high gearing ratio and thin profit margins. Further being a proprietorship concern, any withdrawals of the capital by the proprietor for any contingencies would adversely impact the capital structure which would be a rating sensitivity.

Going forward, the ability of the concern to increase its operating margins, profitability and manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experience of Management:** Mr. Balasubramaniam is the proprietor of this concern and has around 40 years of experience in dealing in electrical and electronic appliances
- **Moderate Debt Protection metrics:** ISCR and DSCR at moderate levels at 1.42



times in FY18

- **Modest current ratio:** Current ratio is at modest levels at 1.41 time and 1.36 times in FY17 and FY18 respectively

Credit Risks:

- **Low Tangible Net Worth:** Tangible Net Worth is low at Rs.2.52Cr in FY17 and Rs.2.98Cr in FY18
- **High Gearing Ratio:** Concern is geared at moderately high levels at 2 times and 2.47 times in FY17 and FY18 respectively
- **Thin Profit margins:** Net profit margins of the concern is thin at 0.59% and 0.53% in FY17 and FY18 respectively
- **Constitution of the entity as a proprietorship concern:** Ashok Electronic Appliances being a proprietorship concern, is exposed to inherent risk of capital withdrawal at the time of personal contingency which will affect its capital structure

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 **Ashok Electronics Appliances** 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 Concern

Ashok Electronics Appliances is a proprietorship concern at Dharapuram, Tamil Nadu and established in 2011. Mr. Balasubramaniam is the proprietor of this concern and has around 40 years of experience in dealing in electrical and electronic appliances. The concern is a dealer of LED TVs, exhaust fans, table fans, washing machines etc. The firm sells most of its products directly to individual customers. Concern is also a distributor for air cooler brands such as Hitachi, LG etc. Concern has retail outlets in Dharapuram and Coimbatore. Voltas, Lloyd, Godrej, Hitachi and IFB are some of the major suppliers whose products the concern sells to its customers

Financial Performance of the concern

The concern reported a net revenue from operations of Rs.35.07Cr in FY18 and Rs.27.31Cr in FY17. Net profit margin reported at 0.53% in FY18. Tangible net worth stood at Rs.2.98Cr as at the end of March 31, 2018

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
	Cash Credit	Long Term	7.00	BWR B+ (Outlook: Stable)	NIL	NIL	NIL
	Total		7.00	₹Seven Crores Only			

Key Financial Indicators

Key Parameters	Units	2018	2017	2016
Result Type		Audited	Audited	Audited
Operating Revenue	₹ Cr	35.07	27.31	6.90
EBITDA	₹ Cr	0.81	0.66	0.38
PAT	₹ Cr	0.19	0.16	0.09
Tangible Net worth	₹ Cr	2.98	2.52	1.13
Total Debt/Tangible Net worth	Times	2.47	2.00	3.25
Current Ratio	Times	1.36	1.41	1.28

Hyperlink/Reference to applicable Criteria

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



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>R Varadarajan</i> <i>Chief Manager-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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