

Rating Rationale

Aspire Automobiles Pvt. Ltd.

March 05, 2018

Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of Aspire Automobiles Pvt. Ltd. (The Company)

| Facilities Availed | Previous Rated Amount(Cr) | Amount to be Rated (Cr) | Tenure | Previous Rating | Rating |
|---------------------------------|---------------------------|-------------------------|-----------------------------|---|--|
| Fund Based | | | | | |
| Cash Credit | 9.00 | 9.00 | Long term | BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable | BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable Reaffirmation |
| Total amount to be rated | 9.00 | 9.00 | INR Nine Crores Only | | |

1 Please refer to BWR website www.brickworkratings.com for definition of the rating assigned

BWR has essentially relied upon audited financial results of **Aspire Automobiles Pvt Ltd** up to FY17, projections for the years FY18 and FY 19, publicly available information and information provided by the company.

The rating has, inter alia, factored in extensive business experience of the promoters in auto industry related business and its association with Hyundai which enjoys dominant position in the passenger car segment and improvement in sales.

The rating is however constrained by intense competition in the auto and its dealership industry, small scale of operations and cyclical nature of the Auto Industry, below average debt protection metrics, high gearing and low tangible net worth.

Credit Strengths

- **Extensive experience of promoters and its association with Hyundai India** - The promoters of the company have a strong experience of over one decade in the car dealership industry and its association with Hyundai India which enjoys a dominant position in the passenger car segment in India.

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Credit weaknesses

- **Small Scale of operations:** The company has small scale of operations with TOI of INR 72.87 Crs in FY17as compared to INR 71.15 Crs in FY16. The growth is muted due to stiff competition from other reputed brands.
- **Below Average Debt Protection Metrics:** The company has below average debt protection with ISCR and DSCR of 1.49X and 1.14X respectively in FY17 vis- a- vis ISCR and DSCR of 1.57X and 1.29X respectively in FY16
- **High Overall Gearing :** The company is having high overall gearing marked by TOL/TNW of 7.23X due to company's high reliance on external loans and low networth of INR 3.87 Crs as on March 31,2017.

Rating Outlook: Stable

BWR believes the **Aspire Automobiles Pvt Limited** 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.

Background of the company :

Aspire Automobiles Pvt Limited was incorporated in 2000. The company is having a dealership of Hyundai Motors in the name of Fortune Hyundai. Further the company's workshop and showrooms are located in Meerut, Bulandshahr and Greater Noida.

The management comprises of Mr.Anuj Garg, Mr. Abhinav Yadav and Ms.Priyanka Garg and other technical staff who are experienced and qualified in the same field of operations. Novus Automobiles Private Limited, a group company, is engaged in manufacturing of automobile parts.

Company's financial Performance

| Key Financials | | | |
|------------------------|--------------|--------------------|--------------------|
| Result Type | Limit | 31/Mar/2016 | 31/Mar/2017 |
| | | Audited | Audited |
| Total Operating Income | Crs | 71.15 | 72.87 |
| OPBDIT | Crs | 2.76 | 3.26 |
| PAT | Crs | 0.20 | 0.34 |
| Tangible Net Worth | Crs | 3.63 | 3.87 |
| TOL/TNW | Times | 7.12 | 7.23 |
| Current Ratio | Times | 1.14 | 1.11 |

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

| Facility | Rating Assigned (2018) | | | Rating History | | |
|---------------------------------|------------------------|------------------|---|----------------|------------------------------|------|
| | Tenor | Amount (Rs. Crs) | Rating | 2017 | 2016 | 2015 |
| Cash Credit | Long Term | 9.00 | BWR B+ Outlook: Stable Reaffirmation | NA | BWR B+ Outlook: Stable | NA |
| Total amount to be rated | | 9.00 | INR.Nine Crores Only | | | |

Status of non cooperation with Previous CRA : Non Applicable

Any other information: Non Applicable

Hyperlink/Reference to Applicable Criteria

1. [General Criteria](#)
2. [Approach to Financial Ratios](#)
3. [Trading Entity](#)
4. [Short Term Debt](#)

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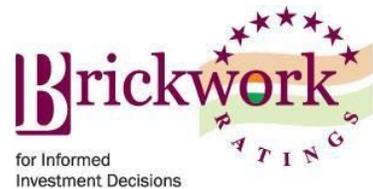
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Note on complexity levels of the rated instrument:

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.

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