Rating Rationale

Brickwork Ratings assigns ratings BWR 'B+' (Outlook Stable) for the Bank Loan Facilities of Aspire Automobiles Pvt. Ltd.

Brickwork Ratings assigns following **Rating**[1] for the Bank Loan Facilities of **Aspire Automobiles Pvt. Ltd (The Company): -**

Facilities Availed	Sanctioned Limit (In Crs.)	Outstanding Amount (In Crs.)	Amount to be rated (In Crs.)	Tenure	Rating Proposed
Fund Based					
Cash Credit	9.00	9.00	9.00	Long term	BWR B+ (Pronounced as "BWR B Plus) Outlook :Stable
Total Limits	**9.00**	**9.00**	**9.00**	**INR.Nine Crores Only**	

BWR has essentially relied upon audited financial results of **Aspire Automobiles Pvt Ltd** up to FY16, projections for the years FY17, 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, weak debt protection metrics, low profit margins and low tangible net worth.

Background:

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.

Management:

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.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Financial Performance:

The YOY net sales have increased to INR 69.45 Crs in FY16 from INR56.86 Cr in FY 15. Profit after Tax (PAT) for FY16 is INR 0.07 Cr. The company is having weak debt protection metrics marked by overall gearing ratio 7.12 X coupled with weak debt servicing indicators ISCR of 0.60 X and DSCR at 1.18 X. TNW stood at Rs.3.63 Cr. Current Ratio was 1.14 as on 31.3.2016.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to increase its scale of operations, improve profitability, margins would be the key rating sensitivity factors.

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