

Rating Rationale

M/s Atmaram Auto Enterprises

11 May, 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.7.50Crs of M/s Atmaram Auto Enterprises ('AAE' or the 'Firm').

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based Cash Credit	7.50	Long Term	BWR BB- (Pronounced As BWR Double B Minus) Outlook:(Stable)
Total	Rs 7.50 Crores (Rupee Seven Crores Fifty Lakhs Only)		

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

Note: Bank Guarantee and Letter of Credit are interchangeable with each other.

Rating assigned: BWR has assigned its long-term rating of BWR BB- (Pronounced BWR Double B Minus) to Rs.7.50 Crs of fund based limit of M/s Atmaram Auto Enterprises.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, projected financials up-to FY17, publicly available information and information/clarification provided by the Firm's management.

The ratings have factored, inter alia, experience of the promoters in automobiles dealership business with multiple showrooms, longstanding and established relationship with the dealers. The rating is, however, constrained by moderate scale of operations, weak financial risk profile marked by decline in the top-line as well as the bottom-line, deteriorated gearing levels and debt protection metrics, thin margins and risk arising from cyclicalities in the automobile industry and limited bargaining powers with the dealers. Going forward, the Firms' ability to improve its top-line, bottom-line, profitability margins to improve the capital structure and efficient management of the working capital will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes the M/s Atmaram Auto Enterprises’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

Established in 1985 M/s Atmaram Auto Enterprises is based out of Agra, Uttar Pradesh. The Foundation was laid by Late Shri Atma Ram Ji Dudwewala in 1945. The Firm is an authorized dealer of Hero bikes and Mahindra & Mahindra (four wheeler). ‘AAE’ acts as a facilitator for buying and selling of old cars. It also arranges for general insurance and financial assistance to customer for purchase of car for which they have tie up Tata Capital, Shri Ram Financer, Mahindra& Mahindra Finance, Hero FinCorp, Hdfc Bank, IndusInd Bank, Cholamandalam Finance etc. It has four showrooms and six workshops in total, which is located in Mathura and Agra. Apart from this it also has three stockyards together covering an area of 9500 square yard. The Firm is managed by total eight partners in the Firm Ramesh Agarwal, Anu Ratan Agarwal, Gita Devi, Bimla Devi, Urmila Devi, Sanjay Agarwal, Sunil Agarwal, Anil Agarwal who share profit or losses in the Firm in ratio 17.50:17.50: 10: 10: 10:10: 15:10.

Company Financial Performance

The Firm has reported gross sales of Rs. 191.43 Crs in FY 16 against Rs 213.36 Crs in FY 15. PAT has fallen to Rs. 0.94 Crs in FY 16 from Rs 1.38 Crs in FY 15, Net worth stands at Rs.3.75 Crs in FY 16.

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

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	7.50	BWR BB- (Stable)	--	--	--

Status of non-cooperation with previous CRA (if applicable): NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)

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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.

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