

## RATING RATIONALE

21 Jan 2020

### Auto Axis Pvt. Ltd.

Brickwork Ratings has reviewed the Rating for the Bank Loan facilities of ₹ 26.50 Crore of Auto Axis Pvt. Ltd. based on best available information, as the issuer did not cooperate. Accordingly the rating for the said instrument is as under

#### Particulars

| Facility     | Amount (₹ Cr) |         | Tenure  | Rating#       |                     |  |
|--------------|---------------|---------|---|---------------|---------------------|--|
|              | Previous      | Present |   | Previous      |                     | Present  |
|              |               |         |   | (Nov, 2018)   | (Nov, 2019)         |  |
| Fund Based   | 26.50         | 26.50   | Long Term   | BWR BB-Stable | Rating Not Reviewed | BWR B+ Stable (Downgraded) Issuer Not Cooperating* |
| <b>Total</b> | 26.50         | 26.50   | <b>INR Twenty Six Crores and Fifty Lakhs Only</b> |               |                     |  |

#Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*Issuer did not cooperate; based on best available information

Details of Bank facilities is provided in Annexure - I

#### RATING ACTION/OUTLOOK/NATURE OF NON-COOPERATION

In view of the non-availability of the information and lack of cooperation from the issuer, Brickwork Ratings has downgraded the long term rating from 'BWR BB-/Stable' to 'BWR B+/Stable, Issuer Not Cooperating', for the bank loan facilities amounting to **Rs. 26.50** Crores of **Auto Axis Pvt. Ltd.**

The lenders/investors may note to exercise due caution while using the above ratings which mentions "**Issuer Not Cooperating**" since the ratings lack any projections or forward looking component as it is arrived based on the best available information without any management/banker's interaction.

The rating was due for a review in November 2019. BWR took up with the issuer to provide required information over emails and through telephone calls. Despite the best efforts of BWR to

get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the company's financial performance and its ability to service its debt and maintain a valid rating.

#### LIMITATIONS OF THE RATING:

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account possible deterioration in the credit quality of the rated entity arising from its non-transparency withholding of information required for a review of the rating.

#### KEY FINANCIAL INDICATORS

| Key Parameters           | Units      | FY18    | FY17    |
|--------------------------|------------|---------|---------|
| Result Type              |            | Audited | Audited |
| Total Operating Income   | Rs. Crores | 192.03  | 182.00  |
| EBIDTA                   | Rs. Crores | 3.96    | 3.20    |
| PAT                      | Rs. Crores | 0.73    | 0.78    |
| Tangible Net Worth (TNW) | Rs. Crores | 8.52    | 7.79    |
| Total Debt / TNW         | Times      | 4.26    | 2.88    |
| Current Ratio            | Times      | 0.84    | 0.82    |

#### COMPANY PROFILE (Information as available in November 2018)

Auto Axis Pvt Ltd is a private limited Company, incorporated as on 13th July 2006. The Company's registered office is at 3rd Floor Ramkumar Arcade, Chatribari Road, Dist Kamrup Guwahati. The company is having a dealership of light, medium and heavy commercial vehicles of **TATA Motors**. The company is getting vehicles from different plants of Tata Motors located in Kolkata, Uttarakhand, Pune, Dharwad, Guwahati, etc. Presently, The Company has its own showrooms in Jorhat and Nagaon.

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :** ACUITE Ratings has moved the ratings of “Auto Axis Pvt. Ltd.” of Rs. 29.00 Crores to “ **ACUITE BB- / ACUITE A4, Issuer Not Cooperating** ” on 19 November 2019.

## RATING HISTORY

| Facility          | Current Rating   |                  |   | Rating History      |                   |
|-------------------|------------------|------------------|---|---------------------|-------------------|
|                   | Type             | Amount<br>(₹ Cr) | Rating  | 18 Nov 2019         | 16 Nov 2018       |
| <b>Fund Based</b> | <b>Long Term</b> | <b>26.50</b>     | <b>BWR B+<br/>Stable<br/>(Downgraded)<br/>Issuer Not Cooperating*</b> | Rating Not Reviewed | BWR BB-<br>Stable |
| <b>Total</b>      |                  | <b>26.50</b>     | <b>INR Twenty Six Crores and Fifty Lakhs Only</b>                     |                     |                   |

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-Cooperation](#)

For any other criteria obtain [hyperlinks](#) from website

| Analytical Contacts   | Investor Contacts   |
|---|---|
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## Annexure I

### Auto Axis Pvt. Ltd.

#### Details of Bank Loan Facilities rated by BWR

| Sl.No.  | Name of the Bank/NBFC                   | Type of Facility  | Long Term [Rs. Crs] | Short Term [Rs. Crs] | Total [Rs. Crs] |
|---|---|-------------------|---------------------|----------------------|-----------------|
| 1   | Punjab National Bank                    | Cash Credit       | 6.00                | -                    | 6.00            |
| 2   | HDFC Bank                               | Inventory Funding | 4.00                | -                    | 4.00            |
| 3   | IndusInd Bank                           | Trade Advance     | 1.00                | -                    | 1.00            |
| 4   | Tata Capital Financial Services Limited | Channel Finance   | 15.50               | -                    | 15.50           |
| TOTAL - Rupees Twenty Six Crores and Fifty Lakhs Only |   |                   |                     |                      | 26.50           |

#### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**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.

**DISCLAIMER:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reason.