Rating Rationale

Auto Axis Pvt Ltd

16 Nov 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹26.50 Crores of Auto Axis Pvt Ltd (AAPL).

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	26.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Total	26.50	INR Twenty Six Crores & Fifty Lakhs Only	

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

Note: WC limits availed from a bank and an institution need to be renewed

Rating : Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial upto FY18, projected financials FY19 & FY20 and information / clarification given by Company's management.

The rating draws strength from experience of the promoters,track record of dealership assignment , increased operating income The rating however is constrained by low net worth , negative Interest Service Coverage Ratio, high Gearing Ratio, reduced net cash accruals to debt reduced and low net profit margin

Going forward, ability of the Company to improve its profits & profitability margins, improve gearing by infusing own funds, manage working capital efficiency shall remain key rating sensitivity.

Description of Key Rating Drivers

Credit Strengths:

All promoters are having an experience of more than a decade. Dealership with Tata motors since year 2006 Total Operating Income increased to ₹192.03 Crs in FY18 from ₹182.00 Crs in FY17.

Credit Risks:

Interest Service Coverage Ratio is 1.x in FY18 , Gearing Ratio with outside liability is at 6.00 x in FY18 Networth stood at ₹8.52 Crs as on 31st Mar 2018. and net cash accruals to debt is reduced from 0.06 x in FY17 to 0.03 x in FY 18

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 **Auto Axis Pvt Ltd** 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

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 dealership of 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 own showrooms in Jorhat and Nagaon. The company sold 1454 units of SCV-Cargo-Pick up model vehicles in FY18 amounting to Rs 49.12 Crs

Company Financial Performance

The Company has achieved Operating Income of ₹192.03 Crs in FY18 against ₹182.00 Crs in FY17. In FY18, the company has achieved net Profit of ₹ 0.73 Crs as against ₹0.78 Crs in FY17. Tangible Net worth stood at ₹8.52 Crs as on 31st Mar 2018.

Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based Cash Credit Inventory Funding Trade Advance Channel Finance	Long Term	 6.00 4.00 1.00 15.50	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	Not Rated	Not Rated	Not Rated
	Total		26.50	INR Twenty Six Crores & Fifty Lakhs Only			

Status of non-cooperation with previous CRA: ACUTE BB-/A4 issuer non cooperation as on 13.09.2017.
Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	192.03	182.00
EBITDA	₹ Cr	3.96	3.20
PAT	₹ Cr	0.73	0.78
Tangible Net worth	₹ Cr	8.52	7.79
Total Debt/Tangible Net worth	Times	4.26	2.88
Current Ratio	Times	0.84	0.82

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector
- Short Term Debt

For any other criteria obtain hyperlinks from website

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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.

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

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