



## Rating Rationale

Bellad Engineers Pvt Ltd

28 Jun 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹13.50 Crores of Bellad Engineers pvt ltd.

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan 2015)	Present
Fund based Cash Credit	18.00	13.50	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
<b>Total</b>	<b>18.00</b>	<b>13.50</b>	<b>INR Thirteen Crores and Fifty Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Downgraded

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial upto FY17 and information / clarification given by company's management.

The rating draws strength from experience of the promoters and dealership of well established TATA brand. The rating however is constrained by reduced operating income, negative net profit margin, low net worth and interest service coverage ratio, high gearing ratio, required business and financial information not provided by the company's management, non submission of 'No Default Statement' till June 2018 and competitive nature of industry.

Going forward, ability of the company to improve its scale of operations by increasing the revenue growth and increased profitability margins, to improve gearing by increasing own funds, to manage working capital efficiency and prompt servicing of debt obligation shall remain key rating sensitivity.

#### Description of Key Rating Drivers



### **Credit Strengths:**

One promoter has an experience of 18 years. The company is an authorized dealer of Tata Commercial Vehicles.

### **Credit Risks:**

Operating revenue has reduced to ₹60.99 Crs in FY17 from ₹67.32 Crs in FY16. Company is facing net profit loss in FY17 as shown by net profit margin is -3.39% in FY17. Net worth stood at ₹2.25 Crs on 31st Mar 2017. Interest service ratio reduced to 0.25 times in FY17 from 0.88 times in FY16. Gearing ratio is increased to 6.79 times as on 31st Mar 2017 from 4.24 times on 31st Mar 2016.

Information risk as company has not provided all business and financial information. Also, the company has not submitted 'No default Statement' till June 2018.

### **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 **Bellad Engineers 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**

Bellad Engineers Pvt Ltd was incorporated in the year 2003 by Bellad Family in Hubli and it is managed by Br. Prashanth Bellad and Mr. Mahesh bellad. It is engaged in the authorized dealership business of Commercial Vehicles of TATA Motors. The head office of the company is located at Hubli in Karnataka. It operates through four showrooms at Hubli, Gadag, Ranebennur and Haveri. Showrooms at Hubli owned & others are leased. The company has closed its branches (Showroom cum workshops) in Tumkur, Davangere and Chitradurga.

### **Company Financial Performance**

Operating revenue has reduced to ₹60.99 Crs in FY17 from ₹67.32 Crs in FY16. The operating profit has reduced to ₹0.62 Crs in FY17 from ₹2.59 Crs in FY16. Company has incurred net loss in FY17 as shown by net profit margin is -3.39% in FY17. Interest service ratio reduced to 0.25 times in FY17 from 0.88 times in FY16. Net worth stood at ₹2.25 Crs on 31st Mar 2017. Gearing ratio is increased to 6.79 times as on 31st Mar 2017 from 4.24 times on 31st Mar 2016.



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History			
		Type	Amount (₹ Crs)	Rating	2017	31.01.16	09.01.15	08.08.13
1.	Fund Based Cash Credit	Long Term	13.50	BWR B+	Not Rated	Not reviewed	BWR BB+	BWR BB
	<b>Total</b>		<b>13.50</b>	<b>INR Thirteen Crores and Fifty Lakhs Only</b>				

Status of non-cooperation with previous CRA: Not Known

Any other information: Not Available

### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	In ₹ Crs	60.99	67.32
EBITDA	In ₹ Crs	0.62	2.59
PAT	In ₹ Crs	-2.07	-0.60
Tangible Net worth	In ₹ Crs	2.25	4.36
Total Debt/Tangible Net worth	Times	6.79	4.24
Current Ratio	Times	0.92	1.24

### 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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#### 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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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