



Rating Rationale

DMAS Automobiles Pvt. Ltd.

24th April 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 14.49 Crores of DMAS Automobiles Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			
Term Loan	11.49	Long Term	BWR B+ (Pronounced as BWR B Plus) (Outlook: Stable)
Cash Credit	3.00		
Total	14.49	INR Fourteen Crores and Forty Nine Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the projected financial statements of DMAS Automobiles Pvt Ltd (DAPL) upto FY24, publicly available information and information/clarifications provided by the company's management.

The rating derives its strength from the entrepreneurial experience of the promoters. However, the rating is constrained by risks associated with green field project and moderate execution risk.

Going forward, the ability of the company's ability in consistently achieving projected revenue, the ability of the management to infuse capital and achieve the expected date of commencement will be the key rating sensitives.

Description of Key Rating Drivers

Credit Strengths:

Entrepreneurial experience of the promoters: The promoters of the company have a long standing experience of over two decades in the sales and services of automobile. The promoters have dealership of Tata Motors and Ford Motors, showcasing the past experience in this segment.

Credit Risks:

Risks associated with a green field project: The inherent risks associated; as DAPL is a green field project in terms of achievement of COD.

Moderate Execution Risk: The project is in the initial stages of construction hence execution risk is on the higher side. Any deviation from the reschedule can cause a delay in achieving the COD.

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 **DMAS Automobiles Pvt. Ltd.**'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 are achieved as per the projections. The rating outlook may be revised to 'Negative' if the revenues and profit margins are not achieved as per the projections.



About the Company

DMAS Automobiles Pvt Ltd ('DAPL' or 'The Company') was established in 2018. The company is located in Bikaner, Rajasthan. The main promoters of the company are Mr. Jagdish Dudi, Mrs. Kamlesh Dudi and Mr. Suresh Dudi. The company has procured authorized dealership of Maruti Suzuki and are constructing the showroom and service center on Jaipur Road, Bikaner.

Project Details

The company is constructing a Maruti Suzuki dealership showroom and service center on Jaipur Road, Bikaner. The directors of the company have past entrepreneurial experience as automobile dealers. The procured land for the project is owned by the company. The cost of project is Rs. 18.36crs, this is expected to be funded by equity capital of Rs. 4.00crs, term loan from Bank of Baroda of Rs. 11.46crs and unsecured loans of Rs. 2.87crs. Presently, the building is in the initial stage of construction. The area of the plot under development is over 35,500 sq ft. The showroom and service center is expected to start its commercial operations in September 2019.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based	Long Term	14.49	BWR B+ (Pronounced as BWR B Plus) (Outlook: Stable)	NA	NA	NA
	Total		14.49	₹ Fourteen Crores and Forty Nine Lakhs Only			

Status of non-cooperation with previous CRA- NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)



Analytical Contacts	Media
V. K. Kukreja Associate Director-Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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.

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.

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 reasons.