Rating Rationale

Brickwork Ratings has revised the ratings to 'BWR B-' for' Bank Loan Facilities of Lakshmi Car Zone Private Limited.

Brickwork Ratings has revised the **Ratings**[1] for Bank Loan facilities of Lakshmi Car Zone Private Limited (LCZPL):

Facility	Previous Limits (₹ Crores)	Present Limit (₹ Crores)	Tenure	Previous Rating (June 2015)	Present Rating
Fund Based **Cash Credit**	22.00	**22.00**	**Long Term**	BWR B+ (Pronounced BWR B plus) (Outlook: Stable)	**Revised to BWR B-** (Pronounced BWR B minus) **(Outlook: Stable)**
Drop Line OD	2.00	**2.00**			
Term Loan*	0.78	**0.26**			
Total	24.78	**22.26**	**INR Twenty Two Crores Twenty Six Lakhs Only**		

BWR has principally relied upon the audited financials of up to FY15, provisional FY16, projections for FY18, publicly available information and information/clarifications provided by the company's management.

The rating factors, inter alia, improving revenue, ability of the promoters to infuse capital for the business requirement. However rating is constrained by limited track record, net losses incurred by the company in FY16 resulting in erosion of net worth and high debt levels, further impacting the capital structure, working capital intensive operations, exposure to intense competition and cyclicality inherent in the automobile dealership business.

Background:

Lakshmi Car Zone Private Limited (LCZPL) is a Private Limited company incorporated in 2012. The company is a dealer for passenger vehicles of Nissan Motors India Private Limited (NMIPL) in Bangalore. The company is operating from one show room and three service outlets located in Bangalore, Karnataka. The company is operating the showroom in the name of 'Surya Nissan'. The product range covers Datson, Micra, Terrano, Evalia, Teana, Sunny, 370z which the Nissan brands launched in the Indian market. Mr. Suwresh and Ms. Lakshmisuthaa are the directors of the company.

Financial Performance:

As per provisional FY16 financials, the company has reported a gross revenue of ₹91.98 crores in FY16 as against ₹62.41 crores in FY15. The company has reported a net loss of ₹9.61 crores in FY16 against net loss of ₹1.78 crores in FY15. Tangible networth of the company stood at (₹5.00) crores as on March 31, 2016.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Rating Outlook:
Going forward the ability of the company to improve its overall financial profile by increasing revenue, improving liquidity position and capital structure and generating adequate net surplus shall be the key rating sensitivities.

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