

## Rating Rationale

### Om Motors

21<sup>st</sup> March 2017

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#### Brickwork Ratings assigns rating for the Bank Loan Facilities of Om Motors

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#### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<b>Fund Based</b>			
<b>Overdraft</b>	<b>9.00</b>	<b>Long Term</b>	<b>BWR B Outlook: Stable (Pronounced as BWR B)</b>
<b>Total</b>	<b>Rs. 9.00 Crores (Rupees Nine Crores Only.)</b>		

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

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

The rating has factored, inter alia, promoters' experience in dealership business of commercial vehicles, established relationship of the firm with MAN Trucks India as an authorized dealer and year and year revenue growth. However the rating is constrained by low net worth, high gearing, highly working capital intensive nature of business, stiff competition from other commercial vehicle manufacturers and relatively high cash conversion cycle in FY16. The ability of the firm to scale up its operations, to strengthen its capital structure and to improve its profit margin in an intensely competitive industry will remain the key rating sensitivities.

#### Rating Outlook: Stable

BWR believes that the business risk profile of Om Motors 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 Firm

Om Motors is a proprietary concern established in 2008 and based in Udaipur, Rajasthan. Mr. Om Prakash Choudhary is the proprietor of the firm. Om Motors is an authorized dealer of Man Trucks India Private Limited. The firm deals in products of Man Trucks India Pvt. Ltd., which includes mining and construction tippers, haulage tractors, and multi axle trucks. The firm has one sales outlet at Mewar Industrial Area, Udaipur, Rajasthan and two workshop units at Rajsamand (Rajasthan) and Bhilwara (Rajasthan). The firm generates revenue by providing 3S (Sales, Service and Spare Parts) facility for Man Trucks India Pvt. Ltd.

### Firm's Financial Performance

Total operating income of the firm has increased from ₹ 18.39 Cr in FY15 to ₹ 29.01 Cr in FY16. The firm has reported operating profit margin of 4.96% and net profit margin of 1.73% in FY16 as against operating profit margin of 7.15% and net profit margin of 2.33% in FY15. The tangible net worth of the firm stood at ₹ 2.72 Cr as on March 31, 2016.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs. Crs)	Rating	2016	2015	2014
1	Overdraft	Long Term	9.00	BWR B (Outlook: Stable)	-	-	-

### Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

### **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.