

Rating Rationale

Brickwork Ratings assigns the rating 'BWR B' to Bank Loan Facilities aggregating ₹1.54 Cr of Sri Mahalakshmi Motors

Brickwork Ratings has assigned the following **Ratings¹** to the Bank Loan Facilities aggregating ₹1.54 crores of Sri Mahalakshmi Motors *sanctioned by Corporation Bank:-*

Facility	Limits(₹ Cr)	Tenure	Rating
Cash Credit	1.50	Long Term	BWR B (Pronounced BWR Single B) (Outlook:Stable)
Term Loan	0.04		
Total	1.54	INR One Crore & Fifty Four Lakhs only	

BWR has principally relied upon the audited financial results up to FY14 and the publicly available information and information/clarifications provided by the firm's management.

The rating, factors in the experience of the promoters in the business, increase in net worth in FY14, sole dealer of "TVS motor company" for 2 wheelers in Villupuram(TN) and other surrounding areas. The ratings are however constrained by low profitability margins, decline in revenues, high leverage along with low debt protection metrics. Further rating is also constrained by firm's limited ability to grow in two wheeler dealership business in limited geography of Villupuram, Trichy

Background:

The firm "Sri Mahalakshmi Motors" was established as a partnership concern in 2009 in Villupuram, Tamil Nadu. The firm has an authorised dealership of "TVS Motor Company" for 2 wheelers in Villupuram (TN) and its surrounding areas. The firm's main showroom is in Villupuram which is around 30000 Sq.ft with a stockyard of about 12000 Sq. ft. and a service centre in its premises. It has got 6 other sub dealer outlets around the same area.

Management Profile:

The partners of the firm are Mr.Ramesh, Mr.Prakash, Mr.Venkatesh, Mr.Kuberand Mr.Varun. They also together own other associate concerns in diversified business.

Financial Performance:

During FY14, the total revenue of the company was ₹15.65 Cr. The net profit margin is 0.05% in FY14. The current ratio is 4.86 times as on FY14. The debt equity ratio is 4.00 times. The net worth is ₹2.00 Cr in FY14.

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

Rating Outlook:

Going forward, the ability of the company to improve its profitability margins, revenue and debt indicators will remain the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.