

Rating Report

Brickwork Ratings assigns 'BWR BB' & 'BWR A4+' for the Bank Loan Facilities aggregating ₹ 7.50 Cr of Ashutosh Automobiles

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities amounting to ₹ 7.50 Cr of *Ashutosh Automobiles* sanctioned/availed from State Bank of India.

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based Limit			
Direct Cash Credit	6.60	Long Term	BWR BB (Pronounced BWR Double B) Outlook: Stable
Stand By Line of Credit	0.90	Short Term	BWR A4+ (Pronounced BWR A Four Plus)
Total	7.50	(INR Seven Crores Fifty Lakhs only)	

BWR has principally relied on audited financials for FY11, FY12, FY13, provisional financials for FY14 and projected financials of FY15 and FY16, publicly available information and information /clarification provided by the Company's management.

The rating factors inter-alia the promoters' background and experience in automobile industry, established operations and long standing relations with Hero Motor Corp, established marketing arrangements and workshop facilities for servicing, although limited in geographical presence in and around Nagpur area, it has increased its presence with increasing showrooms, ARDs (Authorised Representative Dealers), SSPs (Service Spare Parts Dealers) in and around Nagpur. The rating is however constrained by high competition leading to pricing constraints, pressure on margins, high working capital intensive nature of operations represented, cyclical nature and subdued domestic demand outlook of automobile industry.

Background

Ashutosh Automobiles was initially set up as a Service Dealership Concern in 2002 in Nagpur. The concern is authorized dealer for Hero Motor Corp Ltd. and trades in two wheeler automobiles only. The concern offers services like sale of accessories and spare parts, services of vehicles, warranty claims besides selling two wheeler automobiles.

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

Management Profile

Ashutosh Automobiles is a proprietary concern established in Nagpur. It is owned by Mr Keshav Khungar. Mr Keshav Khungar aged about 41 years, has completed Bachelor's Degree of Engineering in Mechanical Field from Nagpur University. He has around fifteen years of experience in this field and has over 40 employees working in his concern. Under his leadership the concern has bagged many awards.

Financial Performance

The Net Sales stand at ₹ 32.00 crores in FY13 against sales of ₹ 36.54 crores in FY12. It has achieved net sales of ₹ 31.78 crores as per FY14 provisional. The Net Profit stands at ₹ 0.43 crores for FY 14 Provisional as against ₹ 0.44 crores for FY 13, however are still at lower levels despite growth in business. The gearing ratio stands at 1.53 for FY 14 Provisional.

Rating Outlook

The rating reflects the long standing experience of the Promoter in Automobile Industry. The ability of the concern to manage working capital requirement effectively in face of subdued domestic demand of automobile industry would be key rating sensitivities.

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Profit and Loss Statement

₹ Crores	FY 11	FY 12	FY 13
Result Type	Audited	Audited	Audited
Gross Sales	43.73	43.53	38.52
Traded Goods Sales	0.00	0.00	0.00
Excise Duty/Sales Tax	7.05	7.00	6.52
Net Sales	36.68	36.54	32.00
Other Operating Income	0.17	0.13	0.06
Total Operating Income	36.85	36.66	32.07
Operating Expenses	35.56	35.39	30.59
OPBDIT	1.29	1.27	1.48
Depreciation/Amortization/Impairment	0.12	0.13	0.12
OPBIT	1.17	1.15	1.36
Interest and Finance Charges	0.89	1.31	1.09
OPBT	0.28	-0.16	0.26
Non-Operating Income(Expenses)	0.30	0.71	0.17
PBT	0.58	0.55	0.44
Provision for Taxes	0.00	0.00	0.00
PAT(Continuing Operations)	0.58	0.55	0.44
PAT	0.58	0.55	0.44

Balance Sheet Statement

₹ Crores	FY 11 Audited	FY 12 Audited	FY 13 Audited
Liabilities			
EQUITY AND RESERVES	3.45	4.06	4.81
Share capital	2.87	3.40	4.37
Reserves and Surplus	0.58	0.66	0.44
Non-current liabilities	1.82	2.59	2.54
Long-Term Borrowings	1.82	2.59	2.54
Deferred tax Liabilities (Net)	0.00	0.00	0.00
Current liabilities	7.26	7.13	7.09
Short-Term Borrowings	6.54	6.27	6.53
Current Portion Of Long Term Debt	0.00	0.00	0.00
Trade Payables	0.02	0.04	0.09
Other Current Liabilities	0.70	0.82	0.48
Total Liabilities	12.52	13.77	14.44
ASSETS			
Non-current assets	0.97	1.20	1.08
Net Fixed assets	0.87	1.09	0.99
Capital Work-In-Progress	0.00	0.00	0.00
Net Intangible assets	0.00	0.00	0.00
Non-Current Investments	0.09	0.09	0.08
Deferred Tax Assets (Net)	0.00	0.00	0.00
Long Term Loans and Advances	0.01	0.01	0.01
Current assets	11.55	12.57	13.36
Current Investments	0.00	0.00	0.00
Inventories	8.00	9.78	7.16
Trade Receivables > Six Months	0.00	0.00	0.00
Trade Receivables < Six Months	2.90	2.19	5.44
Cash and Cash Equivalents	0.65	0.60	0.76
Short-Term Loans and Advances	0.00	0.00	0.00
Other Current Assets	0.00	0.00	0.00
Miscellaneous Expenditure To the Extent Not Written off(Current)	0.00	0.00	0.00
Total Assets	12.52	13.77	14.44

Key Ratios

₹ Crores	FY 11	FY 12	FY 13
Total Debt	8.35	8.86	9.07
Total Debt (Analyzed)	7.85	8.36	8.62
Tangible Net Worth	3.45	4.06	4.81
Tangible Net Worth (Analyzed)	3.95	4.56	5.26
Capital Employed	11.80	12.92	13.88
Total Debt/TNW	2.42	2.18	1.89
Total Debt/TNW(Analyzed)	1.99	1.83	1.64
Long Term Debt/TNW	0.53	0.64	0.53
TOL/TNW	2.34	2.15	1.82
ISCR	1.45	0.98	1.35
ISCR(Analyzed)	1.45	0.98	1.35
DSCR	1.78	1.27	1.13
DSCR(Analyzed)	1.78	1.13	0.95
Net Cash Accruals/Total Debt	0.08	0.08	0.06
Net Cash Accruals/Long Term Debt	0.38	0.26	0.22
Net Cash Accruals/Long Term Debt(Analyzed)	0.53	0.33	0.27
Net Profit Margin	1.57	1.51	1.36
Operating Profit Margin	3.50	3.48	4.62
ROCE	9.93	9.30	10.12
Current Ratio	1.59	1.76	1.88
Current Ratio(Analyzed)	1.59	1.76	1.88
Days Receivables	29	25	43
Days Inventory	85	94	104
Days Payable	0	0	1
Conversion Cycle	114	119	147