

## Press Release

### Unique Motors Private Limited

June 06, 2018



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 9.00 Cr.
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) on the Rs. 9.00 crore bank facilities of Unique Motors Private Limited. The outlook is '**Stable**'.

Unique Motors Private Limited (UMPL) was incorporated in 2011 by Mr. Pramod Chhikara and Mr. Ravinder Hooda. The company is a Haryana-based authorised dealer for passenger vehicles of Maruti Suzuki India Limited (MSIL). UMPL sells new cars, pre-owned cars (under True Value outlet), spare parts and accessories and undertakes servicing of vehicles. The company has a 4S facility (4S - sales-service-spares-second hand sales) at Hisar.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The promoters, Mr. Pramod Chhikara and Mr. Ravinder Hooda have a decade long experience in the automobile industry.

- **Association with Maruti Suzuki India Limited**

The company, is an authorised dealer for MSIL and plans to setup a facility in Rohtak (E-outlets) FY2018-19. The growth has been supported by launche of Vitara, Brezza and Baleno.

#### Weaknesses

- **Declining revenue trend along with uneven profitability**

The company reported decline in operating income to Rs.53.56 crore in FY2017 from Rs. 66.30 crore in FY2016 owing to demonetisation. Further, the automobile dealership industry is characterised by thin operating margins. The EBITDA margin stood at 5.24 percent for FY2017 as against 4.85 percent for FY2016. The company reported net profit of Rs.0.10 crore for FY2017 compared to Rs.0.12 crore in the previous year. This is on account of high interest cost. Further, the company reported revenue of Rs.30.98 crore (Provisional) from April, 2017 - February, 2018.

- **Stiff competition from other dealers in the market**

UMPL faces competition from other dealers of other automobile companies. The company has to offer better buying terms in order to boost its volume. Furthermore, the sales as well as purchase prices are determined by Maruti Suzuki. This results in margin pressure and negatively impacts the earning capacity of the company.

- **Geographical concentration risk and exposure to the inherent cyclical in the industry:**

The company is exposed to geographical concentration risk as it has showrooms only in Hisar. Further, the rating will remain constrained by the inherent cyclical in the automobile sector and subdued outlook for passenger cars.

#### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Unique Motors Private Limited to arrive at the rating.

#### Outlook: Stable

Acuité believes that UMPL will maintain a Stable outlook in the medium term owing to its experienced promoters and established association with MSIL. The outlook may be revised to 'Positive' in case of increase in the scale of operations, improvement in profitability and coverage indicators and apt working capital management. Conversely, the outlook may be revised to 'Negative' in case of stretch in working capital management and deterioration in the capital structure.

#### **About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	53.56	66.30	62.08
EBITDA	Rs. Cr.	2.81	3.22	2.66
PAT	Rs. Cr.	0.10	0.12	0.10
EBITDA Margin	(%)	5.24	4.85	4.28
PAT Margin	(%)	0.18	0.18	0.17
ROCE	(%)	11.41	13.38	23.07
Total Debt/Tangible Net Worth	Times	2.85	5.78	5.13
PBDIT/Interest	Times	1.26	1.29	1.44
Total Debt/PBDIT	Times	5.07	6.04	5.43
Gross Current Assets (Days)	Days	132	127	89

#### **Status of non-cooperation with previous CRA (if applicable)**

None

#### **Any other information**

Not Applicable

#### **Applicable Criteria**

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

#### **Note on complexity levels of the rated instrument**

<https://www.acuite.in/criteria-complexity-levels.htm>

#### **Rating History (Upto last three years)**

Not Applicable

#### **\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.00	ACUITE B+ / Stable

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**About Acuité Ratings & Research:**

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