

Press Release

Dewar's Garage Limited

D-U-N-S® Number: 91-843-6184



January 14, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 46.25 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 46.25 crore bank facilities of Dewar's Garage Limited (DGL). The outlook is '**Stable**'.

DGL was incorporated in 1995 by Mr. Sudhir Jhujhunwala. The company is an authorised dealer of Maruti Suzuki India Limited (MSIL) engaged in trading and servicing of passenger vehicles. It has 6 showrooms (3 New car and 3 Pre-owned car), 2 workshops and 2 stockyards at Kolkata (West Bengal).

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of DGL to arrive at the rating.

Key Rating Drivers:

Strengths

- **Modest scale of operation**

The scale of operations of the company stood at modest levels with revenue of Rs.196.83 crore in FY2018 as compared to Rs.232.16 crore in FY2017. The company has booked Rs.114.70 crore till September in current fiscal.

Weaknesses

- **Average financial risk profile**

DGL's average financial risk profile is marked by moderate net worth of Rs.11.85 crore in FY2018, an increased from Rs.11.69 crore in FY2017, mainly on account of retention of current year profit. The gearing of the company stood high at 2.46 times in FY2018, a declined from 2.65 times in FY2017, this improvement in gearing is due to increase in net worth. The interest coverage ratio (ICR) of the company stood comfortable at 1.34 times in FY2018 as compared to 1.04 times in the previous year. The debt service coverage ratio (DSCR) of the company stood comfortable at 0.71 times in FY2018 as compared to 0.73 times in previous year. Net cash accrual to total debt stood comfortable at 0.05 times in FY2018 as compared to 0.00 times in the previous year.

- **Intense competition**

The company exposes to intense competition from other MSIL dealers and dealers of other automobile companies that manufactures passenger and commercial vehicles. In the absence of significant product differentiation between dealers of the same principal, pricing becomes the key customer attraction. The company also may faces competition from

various dealers of Mahindra as well as that of other companies such as Skoda, Toyota, Ford, Honda, among others operating in Kolkata.

Outlook: Stable

Acuite believes that DGL will maintain a 'Stable' outlook over the medium term owing to its promoters' extensive experience and established relations with customers. The outlook may be revised to 'Positive' if the company registers more than expected revenues while improving its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenue or the financial risk profile deteriorates further.

About the Rated Entity - Key Financials

	Unit	FY18(Actual)	FY17(Actual)	FY16(Actual)
Operating Income	Rs. Cr.	196.83	232.16	273.98
EBITDA	Rs. Cr.	6.22	6.29	6.86
PAT	Rs. Cr.	0.13	(1.15)	(1.39)
EBITDA Margin	(%)	3.16	2.71	2.50
PAT Margin	(%)	0.07	(0.50)	(0.51)
ROCE	(%)	12.58	9.38	16.40
Total Debt/Tangible Net Worth	Times	2.46	2.65	4.52
PBDIT/Interest	Times	1.34	1.04	0.99
Total Debt/PBDIT	Times	4.51	4.70	8.34
Gross Current Assets (Days)	Days	53	43	72

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.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
Inventory Funding	Not Applicable	Not Applicable	Not Applicable	11.20	ACUITE B /Stable (Assigned)
Inventory Funding	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B /Stable (Assigned)
Inventory Funding	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B /Stable (Assigned)
Inventory Funding	Not Applicable	Not Applicable	Not Applicable	13.00	ACUITE B /Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B /Stable (Assigned)
Proposed Inventory Funding	Not Applicable	Not Applicable	Not Applicable	8.80	ACUITE B /Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.25	ACUITE A4 (Assigned)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Assigned)

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About Acuité Ratings & Research:

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