

**March 31, 2016**

Facility	Amount (Rs. Crore)	Rating
Cash Credit (Dealer Financing)	33.00 (Enhanced from Rs.20.00 crore)	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)

SMERA has upgraded the long-term rating on the Rs.33.00 crore bank facility of BRD Car World Limited (BCWL) to '**SMERA BBB-**' (read as **SMERA triple B minus**) from '**SMERA BB+**'. The outlook is '**Stable**'. The upgrade reflects improvement in the company's financial risk profile and healthy revenue growth. The rating continues to draw comfort from the company's experienced management and established association with Maruti Suzuki India Limited (MSIL). However, the rating remains constrained by the company's exposure to intense competition in the automobile dealership business. The rating also notes that the company is susceptible to the inherent cyclicity in the automobile industry.

#### Update

BCWL's revenues improved to Rs.232.15 crore in FY2014-15 (refers to financial year, April 01 to March 31) from Rs.213.95 crore in FY2013-14. The sales volumes increased from 4,082 new cars in FY2014-15 as against 3,806 cars in FY2013-14. The company sold 3,930 new cars during the period April 2015 to January 2016, as compared with 3,455 sold during the corresponding period in the previous year. The volume sales received a boost with the new Nexa showroom of the company. The company's margins remained stable in FY2014-15 at 3.24 per cent with increase in share of service income.

The financial risk profile of BCWL continues to remain healthy. The external borrowings mainly comprise working capital loans. The interest coverage ratio improved to 2.31 times in FY2014-15 from 2.20 times in FY2013-14. The working capital cycle has stretched in FY2014-15 on account of increase in the inventory holding. However, the company has managed its working capital efficiently with average utilisation at 85-90 percent.

BCWL benefits from its experienced management. The directors of the company have around four decades of experience in the automobile dealership business. BCWL is a part of the BRD Group of Companies that has interests in chit promotion, hire purchase, asset financing, vehicle sales and industrial training.

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### Outlook: Stable

SMERA believes BCWL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established association with MSIL. The outlook may be revised to 'Positive' if the company registers strong growth in scale of operations while achieving improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the company fails to achieve the projected scalability in revenues or in case of deterioration in the financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

### About the Company

BCWL, incorporated in 2008, is a Kerala-based authorised dealer for Maruti Suzuki India Limited (MSIL) promoted by Mr. C. C. William Verghese, Mr. C. C. Simon, the late Mr. K. C. Seemon and Mr. Shibu Job Cheeraan. The company is currently managed by Mr. C. C. William Verghese, Mr. C. C. Simon and Dr. Griger Cherry Williams.

BCWL undertakes sale of new cars, pre-owned vehicles (under Maruti True Value), spare parts and accessories. The company is also engaged in the servicing of vehicles and operates a driving school (Maruti Driving School).

For FY2014–15, BCWL reported profit after tax (PAT) of Rs.0.63 crore on operating income of Rs.232.15 crore, as compared with PAT of Rs.0.95 crore on operating income of Rs. 213.95 crore in FY2013–14.

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