

**Shri Ganga Four Wheels Private Limited** <sup>(Revised)</sup>  
 March 31, 2018

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	10.50	<b>CARE B-; Stable</b> <b>(Single B Minus; Outlook: Stable)</b>	Assigned
<b>Total Facilities</b>	<b>10.50</b> <b>(Rupees Ten crore and fifty lakh only)</b>		

**Detailed Rationale & Key rating Drivers**

The rating assigned to the bank facilities of Shri Ganga Four Wheelers Private Limited (SGFWPL) is primarily constrained on account of weak solvency position and low bargaining power. The rating, further, continue to remain constrained owing to cyclical nature of the auto industry and competition among automobile dealer.

The rating, however, continues to derive strength from the experienced management and authorized dealership of Tata Motor Limited (TML).

The ability of the company to increase sales volume while maintaining its profitability margins and efficient management of working capital needs will be the key rating sensitivities.

**Detailed description of the key rating drivers****Key Rating Weakness*****Modest albeit growing scale of operations and thin profitability margin***

TOI of SGFWPL has shown a healthy growth and stood at Rs.57.45 crore in FY17 mainly due to first full year of operations which resulted into increase in sales volume.

Despite healthy increase in sales volume, the profitability margins of the company remained thin with PBILDT and PAT margin of 3.22% and 0.02%.

Weak solvency position and working-capital intensive nature of business

The solvency position of the company stood leveraged with overall gearing of the company at 7.12 times as on March 31, 2017 mainly on account of initial years of operation.

Further, the business of the firm is highly working capital intensive in nature as average working capital utilisation stood 80%-85% in last 12 month ending January 2018.

**Key Rating Strengths****Experienced management**

All the three directors have vast experience, Mr. Rattan Lal and Mr. Suresh Choudhary has experience of around two decades in the automobile dealership business which has enabled them to establish a wide network of operations in diverse areas. SGFWPL started the business of trading of dealership business in 2000 with other companies, it got license of authorised dealer of TML in 2014.

Authorized dealer of commercial vehicle of TML

TML commercial vehicle comprises of verticals i.e. Tata Ace, Tata 307, and Buses etc. SGFWPL sells complete range of Tata commercial vehicles, components as well as sales. Further, SGFWPL has a marketing team consisting of 35 executives spread throughout Sikar, Jhunjunu and Churu and 70 for other services.

**Analytical approach:** Standalone

**Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology- Wholesale Trading](#)

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

[Financial ratios – Non-Financial Sector](#)
**About the company**

Sikar (Rajasthan) based Shri Ganga Four Wheelers Private Limited (SGFWPL) was incorporated in the year 2014 as a private limited company by Mr Ratan Lal, Suresh Choudhary and Mr Krishan Kumar. SGFWPL is an authorized dealer for sale of commercial vehicles of TML. Currently, SGFWPL has three showrooms; one located at Sikar, Jhunjunu and Churu for Light Commercial Vehicles (LCV) and buses of TML. All the showrooms of the firm offer 3-S facilities (Sales, Service, Spare-parts). During FY17 (refers to the period April 1 to March 31), the sale of vehicle and spare parts (including servicing) constituted 90% and 10% of Total Operating Income (TOI) respectively.

(Rs. in crore)

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	16.57	57.45
SBID	-4.88	1.85
Surplus	-6.01	0.01
Overall gearing (times)	16.25	7.16
Interest coverage (times)	NM	1.13

(A; Audited), (NM; Not Meaningful)

**Status of non-cooperation with previous CRA:** Not Applicable**Any other information:** None**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Analyst Contact**

Name: Mr Abhishek Jain

Tel: 0141-4020213/14

Mobile: +91 9251265875

Email: [abhishek.jain@careratings.com](mailto:abhishek.jain@careratings.com)**About CARE Ratings:**

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	8.00	CARE B-; Stable
Fund-based - LT-Term Loan	-	-	March 2022	2.50	CARE B-; Stable

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	2.50	CARE B-; Stable	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	8.00	CARE B-; Stable	-	-	-	-

**CONTACT****Head Office Mumbai****Ms. Meenal Sikchi**

Cell: + 91 98190 09839

E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)**Mr. Ankur Sachdeva**

Cell: + 91 98196 98985

E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)**Ms. Rashmi Narvankar**

Cell: + 91 99675 70636

E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)**Mr. Saikat Roy**

Cell: + 91 98209 98779

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)**CARE Ratings Limited****(Formerly known as Credit Analysis & Research Ltd.)**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)**AHMEDABAD****Mr. Deepak Prajapati**32, Titanium, Prahaladnagar Corporate Road,  
Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)**BENGALURU****Mr. V Pradeep Kumar**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91 98407 54521

Tel: +91-80-4115 0445, 4165 4529

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**CHANDIGARH****Mr. Anand Jha**SCF No. 54-55,  
First Floor, Phase 11,  
Sector 65, Mohali - 160062  
Chandigarh

Cell: +91 85111-53511/99251-42264

Tel: +91- 0172-490-4000/01

Email: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,  
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square  
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

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