

Sunil & Company

Instrument	Amount Rated (Rs. Crore)	Rating Action
Cash Credit	7.50	[ICRA]B- (assigned)
Channel Funding	2.00	[ICRA]B-(assigned)

ICRA has assigned its long-term rating of **[ICRA]B-** (pronounced ICRA B minus) to the Rs. 9.50 crore^{1^} bank limits of Sunil & Company.

ICRA's assigned rating takes into account the continuous decline in the operating income of the firm from Rs. 76.81 crore in FY2014 to Rs 54.55 crore in FY2015, driven by sluggish demand of TML's passenger cars. ICRA notes the stretched liquidity position of the firm due to a considerably high inventory holding period. While assigning the rating, ICRA also factors in the thin profitability in the dealership business, high gearing ratio of 2.13 times as on March 31, 2015, weak coverage indicators with interest coverage of 1.44 times in FY2015 and the stiff competition from other dealers and manufacturers of passenger vehicles. However, the rating derives comfort from long experience of the promoter group in the automobile dealership business with promoters also involved in other businesses namely oil mill and manufacturing of blasting machines and trading of abrasive blasting media by virtue of their association with other Group companies.

Going forward, the ability of the firm to scale up in a profitable manner and effectively manage its working capital requirements will be the key rating sensitivities.

Firm Profile

Incorporated in the year 1984, Sunil & Company is a partnership firm of Mr. Tribhuvan Raj Bhandari, Mr. Sudeep Raj Bhandari and Mr. Trideep Raj Bhandari. The firm was engaged in dyeing, printing, processing and trading of cloth as well as in the dealership of passenger cars for Tata Motors Limited (TML). However, the firm discontinued its textile processing business in 2012 and is now solely engaged in the dealership of TML passenger cars. The firm has been assigned the territories of Jodhpur, Barmer, Jalore, Pali and Jaisalmer in Rajasthan.

Recent Results

As per the audited financials of FY2015, Sunil & Company reported a net profit of Rs. 0.01 crore on an operating income of Rs. 54.55 crore, as against a net profit of Rs. 0.46 crore on an operating income of Rs. 76.81 crore in the previous year.

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^{1^} 100 lakh = 1 crore = 10 million



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