

## Marikar (Motors) Limited <sup>Revised</sup>

June 12, 2018

### Summary of Rated Instrument:

Instrument	Previous Rated Amount(Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Long-term –TL	18.50	18.50	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; revised from [ICRA]BBB-(Negative) and moved to the 'Issuer Not Cooperating' category
Long-term –Fund Based (CC)	14.00	14.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; revised from [ICRA]BBB-(Negative) and moved to the 'Issuer Not Cooperating' category
Short-Term – Fund Based (Inventory Funding)	9.35	9.35	[ICRA]A4+ ISSUER NOT COOPERATING*; revised from [ICRA]A3 and moved to the 'Issuer Not Cooperating' category
Long-Term / Short-Term – Unallocated	0.15	0.15	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; revised from [ICRA]BBB-(Negative)/[ICRA]A3 and moved to the 'Issuer Not Cooperating' category
<b>Total</b>	<b>42.00</b>	<b>42.00</b>	

\*Issuer did not cooperate; based on best available information

### Rating Action

ICRA has downgraded the ratings for the Rs. 42.00-crore bank facilities of Marikar (Motors) Limited to [ICRA]BB+/[ICRA]A4+ (pronounced ICRA double B plus/ ICRA A four plus) from [ICRA]BBB-/[ICRA]A3 (pronounced ICRA triple B minus/ ICRA A three). The outlook on the long term rating is revised from Negative to Stable. ICRA has also moved the ratings to the 'Issuer Not Cooperating' category. The rating is now denoted as "[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING".

### Rationale

The rating action follows the expected deterioration in the company's financial profile in line with the management's stated intent to support its weaker group company through purchase of property. The purchase is expected to be funded through additional debt to be raised by Marikar (Motors) Limited. The rating is based on limited information on the entity's performance since the time it was last rated in March 2017, when the outlook on the rating was revised to 'Negative' from 'Stable'. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Marikar (Motors) Limited, ICRA has been trying to seek information from the entity to monitor its performance. Despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 1, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

## Outlook: Stable

The Stable outlook reflects ICRA's expectation that the company will continue to benefit from the extensive experience of the promoters in the auto dealership business and the established presence of the company as a dealer of Honda and Royal Enfield two-wheelers in Kerala. The outlook might be revised to positive if the company is able to improve its margins and coverage indicators. Conversely the outlook may be revised to negative if the margins, capital structure or coverage indicators weaken.

## Analytical approach

ICRA has applied its rating methodologies/policies as indicated below.

## Links to applicable criteria:

[Policy in respect of non-cooperation by the rated entity](#)

[Rating Methodology for Automobile Dealerships](#)

## About the company:

Established in 1940, MML handles dealership of Honda and Royal Enfield two-wheelers, imaging products of Canon and whole distribution of Royal Enfield and Gabriel spare parts. For Honda, the company has presence in Trivandrum district of Kerala and Kanyakumari district of Tamil Nadu. For Royal Enfield, the company has presence across Trivandrum, Pathanamthitta, Thrissur and Kollam districts of Kerala. In addition, it has 6 spare parts outlets across Kerala, where it undertakes wholesale dealership for Royal Enfield and Gabriel spares. For Canon, the company has an outlet in Eranakulam, with major focus on large copiers catering to the corporate clients. The company is part of Marikar Group which comprises of several companies engaged primarily in auto dealerships and servicing. The company has also made investments in group concerns Marikar Marketing Corporation (MMC) and Marikar Industries (MI).

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

### Rating history for last three years:

		Current Rating (FY2019)		Chronology of Rating History for the past 3 years				
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore) as on Dec 31, 2017	Date & Rating June 2018	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016	
					-	Mar 2017	Jan 2016	
1	Term Loan	Long Term	18.50	Nil	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*	-	[ICRA]BBB-(Negative)	-
2	Cash Credit	Long Term	14.00	-	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*	-	[ICRA]BBB-(Negative)	[ICRA]BBB-(Stable)
3	Inventory Funding	Short Term	9.35	-	[ICRA]A4+ ISSUER NOT COOPERATING*	-	[ICRA]A3	-
4	Unallocated	Long Term/ Short Term	0.15	-	[ICRA]BB+(Stable) / [ICRA]A4+ ISSUER NOT COOPERATING*	-	[ICRA]BBB-(Negative)/ [ICRA]A3	[ICRA]BBB-(Stable)/ [ICRA]A3

\*Issuer did not cooperate; based on best available information

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	January 2016	-	December 2020	3.50	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*
NA	Term Loan - Proposed	-	-	-	15.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*
NA	Cash Credit	-	-	-	14.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*
NA	Inventory Funding	-	-	-	9.35	[ICRA]A4+ ISSUER NOT COOPERATING*
NA	Unallocated	-	-	-	0.15	[ICRA]BB+ (Stable) / [ICRA]A4+ ISSUER NOT COOPERATING*
<b>Total</b>		-	-	-	<b>42.00</b>	

\*Issuer did not cooperate; based on best available information

Source: Marikar (Motors) Limited

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## Corrigendum

The document dated June 12, 2018 has been corrected with revisions as detailed below:

- Correction on page 1 under the section 'Rationale': Rationale has been updated with additional information on the reason for downgrade.

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