



Press Release

Novelty Wheels Private Limited

April 19, 2024

Ratings

| Instrument / Facility | Amount (Rs. Crore) | Ratings* | Rating Action | Complexity Indicator |
|----------------------------|--------------------------------------|--|---|--------------------------------------|
| Long-Term Bank Facility | 6.00 | IVR BB; Negative, ISSUER NOT COOPERATING* (IVR Double B with Negative Outlook, ISSUER NOT COOPERATING) | Downgraded with negative outlook and moved to Issuer Not Cooperating category | Simple |
| Short Term Bank Facilities | 24.00 | IVR A4, ISSUER NOT COOPERATING* (IVR A Four, ISSUER NOT COOPERATING) | Downgraded and moved to Issuer Not Cooperating category | Simple |
| Total | 30.00 (INR Thirty Crore only) | | | |

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

Details of Facility are in Annexure 1

Detailed Rationale

The downgrade in the rating assigned to the bank facilities of Novelty Wheels Private Limited (NWPL) is because of non-submission of adequate information regarding NWPL's performance and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy. The outlook remains negative due to information availability risk.

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.

Non-cooperation by Issuer

Infomerics has been regularly following up with the entity to provide the monthly no default statement to monitor its assigned rating to the bank facilities, vide E-mail communications



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dated January 8, 2024, January 25, 2024, February 19, 2024, February 27, 2024 and March 13, 2024 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the entity's management has not yet submitted all the essential details required for detailed review of the assigned ratings.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the bank facilities of Novelty Wheels Private Limited aggregating to Rs. 30.00 crore shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the long-term rating be noted as 'IVR BB/ Negative; ISSUER NOT COOPERATING' and the short-term rating be noted as 'IVR A4; ISSUER NOT COOPERATING' based on best available information.

Analytical Approach & Applicable Criteria: Standalone

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Rating Methodology for trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Policy on default recognition](#)

[Criteria on complexity](#)

Liquidity: Unable to comment due to lack of adequate information.

About the Company

Punjab-based, Novelty Wheels Private Limited (NWPL) was incorporated on 07th July 2017 by Mr. S. Luvtesh Singh Sachdev and Mr. S. Amitesh Singh Sachdev along with his family members. The company is an authorised dealer for the vehicles of MAHINDRA & MAHINDRA LIMITED (M&M) and has showrooms and service centres in Ludhiana district. The company started its business with authorised four-wheeler dealership and workshop of M&M vehicles in Ludhiana district. At present the company is operating with two showrooms, one workshop along with a stock yard.



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Financials of (Standalone): Latest Financials not available

(Rs. crore)

| For the year ended* / As on | 31-03-2021 | 31-03-2022 |
|-----------------------------|------------|------------|
| | Audited | Audited |
| Total Operating income | 78.76 | 136.08 |
| EBIDTA | 2.11 | 3.43 |
| PAT | 0.29 | 0.71 |
| Total Debt | 23.24 | 28.16 |
| Adjusted Tangible Net Worth | 15.43 | 16.48 |
| EBDITA Margin (%) | 2.68 | 2.52 |
| PAT Margin (%) | 0.37 | 0.52 |
| Overall Gearing Ratio (x) | 0.88 | 1.12 |

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2024-25) | | | Rating History for the past 3 years | | |
|---------|---------------------------------|--------------------------------|--------------------------------|---|---|--|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 (Feb 08, 2023) | Date(s) & Rating(s) assigned in 2021-22 |
| 1. | Overdraft | LT | 6.00 | IVR BB; Negative; ISSUER NOT COOPERATING* | - | IVR BB+/ Stable | - |
| 2. | Purchase Bill Discounting | ST | 15.00 | IVR A4; ISSUER NOT COOPERATING* | - | IVR A4+ | - |
| 3. | Purchase Bill Discount-Proposed | ST | 1.00 | IVR A4; ISSUER NOT COOPERATING* | - | IVR A4+ | - |
| 4. | Inventory Funding | ST | 8.00 | IVR A4; ISSUER NOT COOPERATING* | - | IVR A4+ | - |



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

Name and Contact Details of the Rating Analyst:

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|---|
| Name: Avik Podder |
| Tel: (033) 4803 3621 |
| Email: apodder@infomerics.com |

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank



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facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|---------------------------------|------------------|------------------|---------------|------------------------------|---|
| Overdraft | - | - | - | 6.00 | IVR BB; Negative; ISSUER NOT COOPERATING* |
| Purchase Bill Discounting | - | - | - | 15.00 | IVR A4; ISSUER NOT COOPERATING* |
| Purchase Bill Discount-Proposed | - | - | - | 1.00 | IVR A4; ISSUER NOT COOPERATING* |
| Inventory Funding | - | - | - | 8.00 | IVR A4; ISSUER NOT COOPERATING* |

* Issuer did not cooperate; based on best available information

Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <https://www.infomerics.com>