
December 26, 2013

**CARE ASSIGNS 'CARE A4' RATING TO THE BANK FACILITIES OF
FORTUNE CARS PRIVATE LIMITED**

Ratings

Facilities	Amount (Rs.crore)	Ratings ¹	Remarks
Short-term Bank Facilities	16.50	CARE A4 [A Four]	Assigned

Rating Rationale

The rating assigned to the bank facilities of Fortune Cars Pvt Ltd (FCPL) reflects the volume-driven nature of the auto dealership business with low profitability margin, small scale of the operations, adverse interest coverage parameter and weak outlook for the passenger vehicle demand in the medium term.

The rating is however, strengthened by the established track record of the promoters in the automobile dealership, over a decade long association with Tata Motors Limited (TML, rated CARE AA), moderate working capital cycle and significant improvement in the capital structure with the repayment of major bank facilities in FY13 (refers to the period April 1 to March 31) and H1FY14. Ability of FCPL to increase the scale of operations amidst the competitive passenger vehicle market without impacting profitability remains the key rating sensitivity.

Background

FCPL, incorporated in November, 1996 was co-founded by Mr Vinod Sharma, Mr RP Mungrikar, Mr S Premkumar and Mr N Subramaniam. In July 2000, FCPL became an authorized dealer for TML for selling passenger vehicles such as Indica, Indigo, Nano, Utility Vehicles in Mumbai, Thane and Raigadh district. Besides, it is engaged in the servicing of vehicles and sale of spare parts for TML. FCPL is amongst the leading dealers for TML in Mumbai. As on March 31, 2013, FCPL has three showrooms alongwith three workshops in Andheri, Thane and Nerul and stockyard at Panvel (all on a leased basis).

During FY13, FCPL posted a total operating income of Rs.130.36 crore (Rs.190.15 crore in the previous year) and PAT of Rs.1.98 crore (Rs.0.41 crore in the previous year). During 8MFY14, the total sales stood at Rs.49.46 crore as compared to Rs.84.37 crore during 8MFY13.

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