

December 20, 2013

**CARE ASSIGNS 'CARE BB-' RATING TO THE BANK FACILITIES OF
VINAYAK AUTOTRADE PVT LTD**

Ratings

Facilities	Amount (Rs.crore)	Ratings ¹	Remarks
Long-term Bank Facilities	6.34	CARE BB- (Double B Minus)	Assigned
Total Facilities	6.34		

Rating Rationale

The rating assigned to the bank facilities of Vinayak Autotrader Private Limited (VAPL) is constrained by its short track record of operations with the existence of contract renewal risk, linkage to the fortunes of Tata Motors Limited (TML) and limited bargaining power being an authorised dealer of TML, thin profitability with dependence on volume momentum, working capital intensive nature of operation leading to high gearing ratio and sluggish growth in the automobiles industry. The aforesaid constraints are partially offset by the experienced promoters, authorised dealership of TML and integrated nature of the business.

The ability of the company to improve its scale of operations with an improvement in profitability and effective management of the working capital would be the key rating sensitivities.

Background

Vinayak Autotrader Private Limited (VAPL), incorporated in July, 2010, was promoted by Mr Bishnu Prasad Bajoria and his son Mr Amit Bajoria. The company started its commercial operations in January, 2011. It is an authorised dealer for commercial vehicles of Tata Motors Limited (TML) for Murshidabad and Nadia districts of West Bengal through its showrooms equipped with 3-S facilities (Sales, Service and Spare-parts) located at Krishnanagar and Berhampur and six sales outlets in West Bengal at Dhulian, Jalangi, Palassy, Ranaghat, Kalyani and Nawadip. It offers ICV/LCV/SCV (cargo) and LCV/IMCV (buses).

During FY13 (refers to the period April 1 to March 31), the company reported a PBILDT of Rs.3 crore (Rs.1.3 crore in FY12) and a PAT of Rs.0.3 crore (Rs.0.0 crore in FY12) on a total income from operations of Rs.91.9 crore (Rs.49.1 crore in FY12).

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