

Hira Automobiles Limited (Revised)

July 25, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE B+; Stable (Single B Plus; Outlook: Stable) and Withdrawn
Total Bank Facilities	0.00 (₹ Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE B+; Stable [Single B Plus; Outlook: Stable]' assigned to the bank facilities of Hira Automobiles Limited with immediate effect. The rating factor in the constraints relating to modest scale of operations and weak profitability margins. The ratings are further constrained by the limited bargaining power with Maruti Suzuki India Limited (MSIL) and competitive & cyclical nature of the auto-dealership industry. The ratings, however, continue to take comfort from experienced promoters along with established track record of operations and long-standing relationship with MSIL. The above action has been taken at the request of Hira Automobiles Limited and 'No Objection Certificate' received from the bank that have extended the facilities rated by CARE Ratings Ltd.

Detailed description of the key rating drivers

Please refer to PR dated [July 20, 2021](#)

Analytical approach: Standalone

Applicable criteria

[Policy on default recognition](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Credit Watch](#)
[Policy on Withdrawal of Ratings](#)

About the company

Hira Automobiles Limited (HAL) was incorporated in 1989 Smt. Rajinder Kaur Bhattal (ex-Chief Minister of Punjab) and Mr. Dhanwant Singh Sangha. Presently, Mr. Rahulinder Singh Sidhu (Director and Son of Smt. Rajinder Kaur Bhattal) and Mrs. Neha Sidhu (Director and wife of Mr. Rahulinder Singh Sidhu), look after day-to-day operations of the company. HAL is an authorized dealer of Maruti Suzuki India Limited (MSIL) and deals in diverse products of passenger cars and used cars. Besides, the company also derives income from after sales service, sale of the spare-parts coupled with income in the form of performance-based incentives and discounts from MSIL, insurance income, etc. The company operates 15 facilities in Punjab including Nine 3S (sales, service and spare parts) facilities, three 2S (service and spare parts) facilities and three 1S (sales) including 'True Value' showrooms for pre-owned cars.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022	Q1FY23
Total operating income	204.39	224.32	NA
PBILDT	8.72	NA	NA
PAT	0.29	0.62	NA

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022	Q1FY23
Total operating income	204.39	224.32	NA
Overall gearing (times)	6.67	NA	NA
Interest coverage (times)	1.25	NA	NA

A: Audited; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE B+; Stable (20-Jul-21)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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