

August 14, 2013

CARE ASSIGNS 'CARE BB' AND 'CARE A4' RATINGS TO THE BANK FACILITIES OF AHUJA IMPEX PRIVATE LIMITED**Ratings**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	5	CARE BB (Double B)	Assigned
Short-term Bank Facilities	10	CARE A4 (A Four)	Assigned
Total Facilities	15		

Rating Rationale

The ratings assigned to the bank facilities of Ahuja Impex Private Limited (AIPL) are constrained by its financial risk profile marked by weak debt coverage indicators, low profit margins due to trading nature of operations and moderately leveraged capital structure. The ratings are further constrained by exposure of AIPL to currency fluctuation risk.

The above constraints outweigh the benefits derived from the long track record and experienced promoters along with long standing relationship with its key customers and suppliers.

Ability of the company to increase its scale of operations and profitability are the key rating sensitivities.

Background

Ahuja Impex Private Limited (AIPL) is incorporated in the year 1996 and is a closely-held company promoted by the Ahuja family. AIPL is engaged in the trading of varied range of petroleum products including lubricating oil, base oil, Solvent Neutral (SN) 500, SN 350 SAE 30 (SAE: Society of Automotive Engineers) and other industrial oils along with lubricants such as grease and residue wax used in the auto segment. The company has two warehousing facilities located in Delhi with a total capacity of 210 metric tonnes of traded goods.

During the FY12 (FY refers to period between April 1 to March 31), the company reported a total operating income of Rs.28.92 crore over a PAT of Rs.08 crore as compared to the total operating income of Rs.23.22 crore over a PAT of Rs.0.08 crore.

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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