JUNE 17, 2014

CARE ASSIGNS 'CARE BBB-'/'CARE A3' TO BANK FACILITIES OF AUTO HITECH PVT LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	12.5	**CARE BBB- (Triple B Minus)**	Assigned
Short term Bank Facilities	4.5	**CARE A3 (A Three)**	Assigned
Total Facilities	**17**		

Rating Rationale

The ratings assigned to the Bank Facilities of Auto Hitech Pvt Ltd (AHPL) draw comfort from the experience of the promoters, established track record of operation as an authorized dealer of passenger vehicles of Maruti Suzuki India Limited (MSIL) and diversified income stream. Further, the rating also draws comfort from the close association of the promoters with the Emami group and their presence in the board of some of the Emami group companies. The ratings are, however, constrained by the low operating margin, working capital intensive nature of operation, moderate capital structure and challenging outlook for automobile industry in the short-term. Going forward, the ability to sustain profit margin in light of the increased competition and effective management of working capital would remain the key rating sensitivities.

Background

AHPL, incorporated in 1999, was promoted by Mr. Rajesh Bagaria and his wife Mrs. Rachna Bagaria. The company is a dealer of passenger vehicles of MSIL. It has a presence in both new cars and pre-owned cars segment. AHPL also provides after sales services and deals in accessories and spare parts. The company has a showroom and workshop in Kolkata.

During FY13, AHPL registered total income of Rs.113.37 crore (Rs.109.91 crore in FY12) with a PAT (after deferred tax) of Rs.0.53 crore (Rs.0.70 crore in FY12).

During 9MFY14, the company achieved PAT of Rs.0.4 crore on total income of Rs.75.0 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

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