

May 05, 2015

Facility	Amount (Rs. Crore)	Rating
<b>Cash Credit</b>	<b>34.00</b>	<b>SMERA BB-/Stable (Assigned)</b>

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as SMERA double B minus) to the Rs.34.00 crore bank facility of Batra Auto Company (BAC). The outlook is '**Stable**'. The rating is primarily constrained by the firm's moderate financial risk profile, limited geographical presence and working capital-intensive operations. The rating is also constrained by the firm's exposure to intense competition in the automobile dealership business. However, the rating is supported by the firm's experienced management.

BAC, established in 1999, is a Faridabad-based authorized dealer of Maruti Suzuki. BAC's moderate financial risk profile is marked by gearing of 1.61 times as on March 31, 2014 and interest coverage ratio of 1.25 times in FY2013-14. The firm's operations are concentrated in Delhi NCR. BAC faces intense competition from various dealers of Maruti Suzuki and other automobile companies such as Toyota, Ford and Honda. The firm's operations are working capital-intensive. BAC's utilisation of cash credit limit was high at ~96 per cent during April 2014 to March 2015.

BAC benefits from its experienced management. Mr. Sushil Batra, partner of BAC, has around 15 years of experience in the firm's line of business.

### **Outlook: Stable**

SMERA believes BAC will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenue while achieving sustained improvement in profitability, coverage indicators and working capital management. The outlook may be revised to 'Negative' in case of stretch in the firm's working capital cycle, or in case of deterioration in the firm's capital structure.

### **About the firm**

BAC, established in 1999, is a Faridabad-based partnership firm promoted by Mr. Sushil Batra. BAC is an authorized dealer of cars manufactured by Maruti Suzuki. The firm has a showroom and service centre in Faridabad, Haryana.

For FY2013-14, BAC reported profit after tax (PAT) of Rs.0.77 crore on operating income of Rs.189.69 crore, as compared with PAT of Rs.0.67 crore on operating income of Rs.166.71 crore in FY2012-13. The firm's net worth stood at Rs.27.67 crore as on March 31, 2014, as compared with Rs.26.13 crore a year earlier.

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## Batra Auto Company (BAC)

**Rating  
Rationale**

### Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Virendra Goyal Vice President – SME Sales Tel: +91-22-67141177 Cell: +91 9930074009 Email: <a href="mailto:virendra.goyal@smera.in">virendra.goyal@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Parimal Thakker Manager – Corporate Ratings, Tel: +91-22-6714 1106 Email: <a href="mailto:parimal.thakker@smera.in">parimal.thakker@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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