



## The Mithra Agencies (Hyderabad)

Instrument	Amount in Rs Crore	Rating Action
Term Loan	5.67 (increased from Rs 4.75 crore)	[ICRA]BB(Stable) reaffirmed
Cash Credit	10.00 (reduced from Rs 16.00 crore)	[ICRA]BB(Stable) reaffirmed
Short Term Fund Based Limits	21.50 (increased from Rs 19.50 crore)	[ICRA]A4+ reaffirmed
Unallocated Limits	3.08	[ICRA]BB(Stable)/[ICRA]A4+ reaffirmed

ICRA has reaffirmed the long term rating of [ICRA]BB (pronounced ICRA double B) assigned to Rs 5.67 crore term loans and Rs 10.00 crore cash credit limits of The Mithra Agencies(Hyderabad) (MA)<sup>†</sup>. ICRA has also reaffirmed the short term rating of [ICRA]A4+ (pronounced ICRA A four plus) assigned to Rs. 21.50 crore fund based facilities and ratings of [ICRA]BB(Stable)/[ICRA]A4+ to Rs 3.08 crore unallocated limits of MA. The outlook on the long-term rating is Stable.

The reaffirmation of ratings continues to factor in MA's established track record of operations in the automobile dealership business in Hyderabad; market leadership position of Maruti Suzuki India Limited (MSIL) in the passenger vehicle (PV) segment in India helping firm to achieve revenue growth despite de-growth in PV industry sales volume; and extensive experience of the promoters in the automobile dealership business. The ratings are however constrained by firm's moderate scale of operations; vulnerability of its sales and profits to cyclical nature of PV industry; and high competitive intensity of the automotive dealership business forcing the dealers to pass on discounts to customers thus resulting in thin profit margins. The ratings are also constrained by risks inherent in partnership nature of the firm and high gearing of 4.39 times and weak coverage indicators with interest coverage ratio of 1.41 times for FY2014.

Going forward, the company's ability to increase the scale of operations and maintaining the profitability while managing working capital requirements will remain key rating sensitivities from credit perspective.

### Company Profile

The Mithra Agencies (MA), a partnership firm established in 1988, is the first MSIL dealer in passenger cars in Hyderabad. The firm is engaged in sales of new cars and used cars, service of vehicles along with sale of spare parts. MA has two showrooms for sales of new cars at Himayatnagar and Mehdiapatnam; true value sales outlets at Himayatnagar, Nacharam and LB Nagar; and four workshops at RTC X Roads, Madhapur, LB Nagar and Nacharam. The stockyard is located at Nacharam.

MA is a partnership firm with three partners namely Mr. Bhaskara Murthy, Mr. Ramalingam and Mr. Chandramouli Sarma. All the partners are actively involved with the firm and have more than 20 years experience in the automobile dealership business.

### Recent Results

In FY2014, MA reported an operating income of Rs. 212.11 crore and net profit of Rs. 0.37 crore as against operating income of Rs. 198.51 crore and net profit of Rs. 0.35 crore during FY2013.

**March 2015**

\* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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