

May 7, 2010

**CARE ASSIGNS 'BBB-' AND 'PR3' RATINGS TO THE BANK FACILITIES OF  
KHIVRAJ MOTORS PVT LTD.****Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	18.83	<b>'CARE BBB-' (Triple B Minus)</b>	Assigned
Short-term Bank Facilities	2.30	<b>'PR3' (PR Three)</b>	Assigned
<b>Total Facilities</b>	<b>21.13</b>		

**Rating Rationale**

The ratings factor in the company's established track record and Khivraj group's longstanding presence in the automotive dealership business in the Chennai region, strong relationship with Maruti Suzuki India Ltd - market leader in the passenger car segment and diversified income stream of KMPL from workshop receipts, property rentals and sale of spare parts. However, the above ratings are constrained by increasing and high level of support extended to group companies & partnership firms and low margins from the car dealership business.

KMPL's ability to ensure volumes in the car dealership business, maintain high level of occupancy at competitive rates in its properties, timely receipt of rentals and performance of the group companies to which KMPL has exposures are the key rating sensitivities.

**Company Profile**

Khivraj Motors Private Limited (KMPL) was incorporated in 1961 and is the flagship company of the 'Khivraj' Group which has its presence in the automobile and real estate sectors in Chennai, TamilNadu. KMPL is one of the authorized dealers of MSIL and sells the entire range of passenger vehicles of MSIL through the two owned

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<sup>1</sup>“Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications”.

showrooms located in Chennai. Company also owns commercial properties at Anna Salai, Chennai and the Olympia Technology Park, Chennai of a total leasable area 2,01,000 sq.feet. For FY09, KMPL reported PAT of Rs.7 cr on a total income of Rs.171 cr as against Rs.9cr PAT on a total income of Rs.148cr during FY08. During H1FY10, the company reported a PAT of Rs.7cr on total revenue of Rs.86cr.

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