

September 12, 2014

Facilities	Amount (Rs. Crore)	Ratings
<b>Inventory Funding</b>	<b>10.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Inventory Funding</b>	<b>9.75</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Cash Credit</b>	<b>1.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Term Loan</b>	<b>31.50</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>3.25</b>	<b>SMERA A4+ (Assigned)</b>

SMERA has assigned a long-term rating of '**SMERA BB**' (**read as SMERA double B**) and a short-term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.55.50 crore bank facilities of Wonder Cars Private Limited. The outlook is '**Stable**'. The ratings are constrained by the company's moderate financial risk profile in an inherently cyclical automobile industry. The ratings are also constrained by the company's exposure to intense competition from several dealers in its area of operations. However, the ratings are supported by the company's established track record of operations and experienced management.

WCPL, incorporated in 1986, is a Pune-based authorized dealer of Maruti Suzuki India Limited (MSIL). WCPL's moderate financial risk profile is marked by low net profit margin of 0.37 per cent in FY2013-14 (refers to financial year, April 01 to March 31) and high overall gearing (total debt to tangible net worth ratio) of 2.87 times as on March 31, 2014. The company is exposed to the inherent cyclical nature in the automobile industry. WCPL is also exposed to intense competition from several car dealers in the Pune region.

WCPL benefits from its established track record of operations and long-standing association (of around 14 years) with MSIL. The company ranks amongst MSIL's top dealers in the Pune region. WCPL also benefits from its experienced management. The promoters of the company have around three decades of experience in the automobile dealership business.

### Outlook: Stable

SMERA believes the outlook on WCPL's rated facilities will remain stable over the medium term on account of the company's established operations and experienced management. The outlook may be revised to 'Positive' in case the company achieves substantial improvement in its financial profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial profile.

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**About the company**

WCPL, incorporated in 1986, is a Pune-based company promoted by Mr. Vijaykumar S. Agarwal. WCPL is an authorized dealer of Maruti Suzuki India Limited since 2001. The company deals in sales of new cars, old cars and spare parts. WCPL also operates a service centre, which is currently the largest service centre for Maruti Suzuki cars in India.

For FY2013–14, WCPL reported profit after tax (PAT) of Rs.0.85 crore on net sales of Rs.214.80 crore, as compared with PAT of Rs.0.24 crore on net sales of Rs.202.68 crore in the previous year. The company's net worth stood at Rs.17.60 crore as on March 31, 2014, as compared with Rs.16.75 crore a year earlier.

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