

August 28, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	0.50	SMERA A4 (Assigned)

SMERA has assigned rating of '**SMERA BB-** (read as SMERA double B minus) to the Rs.10.00 crore long-term (fund based) bank facility and '**SMERA A4**' (read as SMERA A four) to the Rs.0.50 crore short-term (non-fund based) bank facility of Pandit Automobiles Private Limited (PAPL). The outlook is '**Stable**'. The ratings draw support from the company's long track record of operations in the automobile industry, experienced management and moderate financial risk profile. However, the ratings are constrained by the working capital intensive nature of business and exposure to intense competition from dealers of other automobile companies.

### Outlook: Stable

SMERA believes PAPL will maintain a stable business risk profile in the medium term on account of an upcoming product launch from Maruti Suzuki and an experienced management. The outlook may be revised to 'Positive' in case of increase in the scale of operations and improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of stretch in working capital management and deterioration in the capital structure.

### Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Efficient working capital cycle

### About the Company

The Haryana-based PAPL, established in 1998 is an authorised dealer of Maruti Suzuki with a showroom and service center in Yamunanagar, Haryana. Promoted by Mr. Jitender Sharma, the company also undertakes sale of second hand cars through the True Value channel.

For FY2013-14, PAPL reported net profit of Rs.0.15 crore on operating income of Rs.72.24 crore, as compared with net profit of Rs.0.13 crore on operating income of Rs.62.10 crore in FY2012-13. The company's net worth stood at Rs.3.15 crore (including unsecured loan of Rs.0.43 crore) as on March 31, 2014, as compared with Rs.3.70 crore a year earlier.

## Contact List:

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