

October 01, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB-/Stable (Reaffirmed)
Term Loan	0.26	SMERA BB-/Stable (Assigned)
Bank Guarantee	1.00(Enhanced from 0.50)	SMERA A4 (Assigned)

SMERA has reaffirmed 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. SMERA has also assigned rating of '**SMERA BB-' (read as SMERA double B minus)** to the Rs.0.26 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 operations 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.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

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