

Pandit Automobiles Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Rating/Outlook
Cash Credit	12.00 (Enhanced from 10.00)	SMERA BB-/Stable (Reaffirmed)
Term Loan	0.26	SMERA BB-/Stable (Reaffirmed)
Bank Guarantee	1.00	SMERA A4 (Reaffirmed)

SMERA has reaffirmed the ratings of '**SMERA BB-' (read as SMERA double B minus)** on the above mentioned Rs.12.26 crore long-term (fund based) bank facilities and '**SMERA A4' (read as SMERA A four)** on the Rs.1.00 crore short-term (non-fund based) bank facilities of Pandit Automobiles Private Limited (PAPL). The outlook continues to remain '**Stable**'.

The ratings continue to be supported by the long track record of operations in the automobile industry, experienced management and moderate financial risk profile. However, the ratings continue to be constrained by the low profitability and stretched liquidity (80 per cent bank limit utilised from March 2016 to August 2016). SMERA also notes the intense competition in the automobile industry.

PAPL, established in 1998, is a Haryana-based authorised dealer of passenger vehicles for Maruti Suzuki India Limited. The company is headed by Mr. Jitender Sharma, Director. The senior management is ably supported by an experienced second line of management. Mr. Jitender Sharma (Director) has long standing relationships with Maruti Suzuki India Limited.

PAPL has achieved operating income of Rs.83.56 crore in FY2015-16 (provisional), a marginal improvement from Rs.82.53 crore in FY2014-15. The moderate financial risk profile is marked by moderate gearing (debt-to-equity) of 2.60 times in FY2015-16(provisional) against 3.30 times in FY2014-15. The company's interest coverage ratio stood at 1.53 times in FY2015-16 (provisional) against 1.67 times in FY2014-15.

The company registered PAT margin of 0.33 per cent in FY2015-16 (provisional) against 0.33 per cent in FY2014-15. PAPL is constrained by stretched liquidity (80 per cent of cash credit limit utilised from March 2016 to August 2016). The company operates in an intensely competitive segment of the automobile industry.

Outlook- Stable

SMERA believes that PAPL will maintain a stable outlook over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or working capital management.

Rating Sensitivity Factors

- Improvement in revenue and profitability profile
- Efficient working capital management

Criteria applied to arrive at the ratings:

- Trading Entities

About the Company

The Haryana-based PAPL established in 1998 is an authorised dealer of Maruti Suzuki India Limited. The company promoted by Mr. Jitender Sharma has a showroom and service centre in Yamunanagar, Haryana. PAPL also undertakes sale of second hand cars through the True Value Channel.

For FY2015-16 (provisional), the company reported profit after tax (PAT) of Rs.0.28 crore on operating income of Rs.83.56 crore, as compared with PAT of Rs.0.27 crore on operating income of Rs.82.53 crore in FY2014-15. The net worth stood at Rs.4.55 crore (included quasi equity of Rs. 1.35 crore) as on March 31, 2016 (provisional) against Rs.3.49 crore (included quasi equity of Rs.0.56 crore) a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
01 October, 2015	Cash Credit	10.00	SMERA BB- (Reaffirmed)	-	Stable
	Term Loan	0.26	SMERA BB- (Assigned)	-	Stable
	Bank Guarantee	1.00	-	SMERA A4 (Assigned)	-
28 August, 2015	Cash Credit	10.00	SMERA BB - (Assigned)	-	Stable
	Bank Guarantee	0.50	-	SMERA A4 (Assigned)	-

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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