

November 07, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.60	SMERA BB-/Stable (Reaffirmed)
Term Loan	1.79	SMERA BB-/Stable (Assigned)
Letter of Credit	0.50	SMERA A4+ (Assigned)
Peak Season Facility	0.90	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-'** (read as **SMERA Double B minus**) to the Rs.5.39 crore and short term rating of '**SMERA A4+**' to Rs. 1.40 crore bank facilities of Sagar Autotech Mysore Private Limited (SAMPL). (To arrive at the rating, SMERA has combined the business and financial risk profiles of Sagar Autotech Private Limited (SAPL) and Sagar Autotech Mysore Private Limited (SAMPL). The aforementioned entities are together referred to as the Sagar Autotech (SA) group. The consolidation is in view of the strong business and finance linkages between the entities. Moreover, the entities have common management.)

The rating is constrained by the group's moderate financial risk profile marked by moderate interest coverage ratio, decline in scale of operations in financial year 2014-15 and stiff competition from dealers of other car manufacturers. However, the ratings are supported by the group's experienced management and sole dealer for Skoda in Mysore and Bhopal and Jabalpur region.

Outlook: Stable

SMERA believes that SA group continue to benefit over the medium term from the promoters experience in dealership business and its strong presence in the Mysore and Bhopal and Jabalpur region. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the scalability amidst intensifying competition in the area of operation or if financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements

Rating Sensitivity Factors

- Increase in scale of operation
- Maintaining operating profit margins
- Working capital management

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About the Group

Sagar Autotech Private Limited (SAPL) was incorporated on 25th August 2009. By Mr. Tehseen Khan & Ms. Pooja Premchandani the directors of the company. The group is the authorized dealer of passenger cars manufactured by SKODA. The SAPL was awarded the dealership of Skoda in 2009 and started its operations with a 3S facility in Bhopal, Jabalpur and Mysore. From December 2014 the operations of Mysore division will work as a separate entity.

About the Company

SAPL, established in 2009 is a authorized dealer of passenger cars manufactured by SKODA providing 3s facility services in 3S facility in Bhopal, Jabalpur region.

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