

October 21, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	7.00	SMERA BB-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.7.00 crore bank facility of Sagar Autotech Private Limited (SAPL). To arrive at the rating, SMERA has consolidated the business and financial risk profiles of Sagar Autotech Private Limited (SAPL) and Sagar Autotech Mysore Private Limited (SAMPL) together referred to as the Sagar Autotech (SA) group. The consolidation is in view of the common ownership and operational linkages within the group.

The rating is constrained by the group's moderate financial risk profile marked by moderate interest coverage ratio, decline in scale of operations in FY2014-15 and stiff competition from dealers of other car manufacturers. However, the ratings are supported by the group's experienced management and the firm being the sole dealer for Skoda in Mysore, Bhopal and Jabalpur.

Outlook: Stable

SMERA believes that the SA group continues to benefit over the medium term from the promoters experience in the dealership business and strong presence in Mysore, Bhopal and Jabalpur. 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 the 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

About the Group

SAPL was incorporated in 2009 by Mr. Tehseen Khan and Ms. Pooja Premchandani, Directors of the company. The group is the authorised dealer for SKODA passenger cars since 2009 and commenced operations with a 3S facility in Bhopal, Jabalpur and Mysore.

Disclaimer: A 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.

About the Company

SAPL, established in 2009 is an authorised dealer of SKODA passenger cars and currently has 3S facility in Bhopal and Jabalpur. The Mysore division has been operating as a separate entity from December 2014.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A 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.