



SMERA RATINGS LIMITED

Pacific Citifone Deals Private Limited (PCDPL)

*Rating
Rationale*

April 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit*	8.00	SMERA BB-/Stable (Reaffirmed)
Cash Credit (proposed)	4.00	SMERA BB-/Stable (Withdrawn)
Bank Guarantee	4.00	SMERA A4+ (Reaffirmed)

**One-way interchangeability from Cash Credit to Bank Guarantee*

SMERA has reaffirmed the ratings of '**SMERA BB-/Stable/SMERA A4+**' on the Rs.12.00 crore bank facilities of Pacific Citifone Deals Private Limited (PCDPL). The ratings remain constrained by the company's small-scale operations in a highly competitive and fragmented mobile handsets market. The ratings are also constrained by the company's low profitability. However, the ratings are supported by the company's experienced management, comfortable liquidity position and established association with Apple Inc.

SMERA has withdrawn the rating of '**SMERA BB-/Stable**' on the Rs.4.00 crore proposed bank facility of PCDPL.

Update

PCDPL reported revenue of Rs.69.97 crore in FY2013-14 (refers to financial year, April 01 to March 31), as compared with revenue of Rs.46.54 crore in FY2012-13. The company registered revenue of ~Rs.67.76 crore (provisional) during April 2014 to February 2015. PCDPL's operating profit margin increased marginally to 1.43 per cent in FY2013-14 from 1.37 per cent in FY2012-13. The company's tangible net worth stood at Rs.2.44 crore as on March 31, 2014, as compared with Rs.2.23 crore a year earlier.

PCDPL's debt-equity ratio increased from 1.99 times as on March 31, 2013 to 5.09 times as on March 31, 2014 on account of year-end transfer of funds from cash credit account to current account. The company's interest coverage ratio declined from 2.03 times in FY2012-13 to 1.42 times in FY2013-14. PCDPL's cash credit utilisation was comfortable at ~27.52 per cent during September 2014 to February 2015.

Outlook: Stable

SMERA believes PCDPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established operations. The outlook may be revised to 'Positive' in case the company registers substantial growth in scale of operations while achieving sustained improvement in operating profit margins. Conversely, the

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outlook may be revised to 'Negative' in case the company fails to achieve the projected scalability, or in case of deterioration in the company's financial risk profile on account of stretch in working capital cycle.

About the company

PCDPL, incorporated in 2005, is a Mumbai-based company promoted by Mr. S. G. Lohana and Mr. Viren Lohana. PCDPL has exclusive rights to distribute Apple Inc's products in western suburbs (Dadar – Vile Parle) and central suburbs (Dadar – Mulund – Navi Mumbai) of Mumbai. PCDPL has transferred the Sony dealership business to its group entity in view of the exclusivity clause of Apple Inc.

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