

**December 29, 2015**

Facility	Amount (Rs. Crore)	Rating
Drop Line OD	5.00	SMERA B+/Stable (Assigned)
Cash Credit (Dealer Financing)	15.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA B plus**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.20.00 crore bank facilities of Aadhi Cars Private Limited (ACPL). The outlook is '**Stable**'. The ratings draw comfort from the healthy revenue growth registered by the company. However, the ratings are constrained by the net losses, moderate financial risk profile of the company and intense competition in the automobile dealership industry.

Outlook: Stable

SMERA believes ACPL will maintain a stable business risk profile in the medium term owing to the extensive experience of the promoters and relationship with Maruti Suzuki India Limited (MSIL). The outlook may be revised to 'Positive' if there's significant improvement in its capital structure than expected while maintaining steady revenue growth and improvement in margins. The outlook may be revised to 'Negative' if ACPL registers significant decline in revenues and profitability or takes on larger than expected debt to fund its working capital requirements, leading to further deterioration in its financial risk profile.

Rating Sensitivity Factors

- Increase in scale of operations while improving profit margins
- Working capital management

About the Company

Aadhi Cars Private Limited (ACPL), incorporated in 2012 by Mr. S. Srinivasan and Ms. K. Kalaivani is a Coimbatore-based authorised dealer of MSIL. The company is engaged in the sale of new cars, pre-owned cars (under True Value), spare parts among others. Additionally, it also services vehicles and operates Maruti Driving School.

The company reported net loss of Rs.0.62 crore on operating income of Rs.118.93 crore for FY2014-15 as compared with net loss of Rs.0.88 crore on operating income of Rs. 84.47 crore for FY2013-14.

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SMERA RATINGS LIMITED

Aadhi Cars Private Limited (ACPL)

*Rating
Rationale*

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