

January 19, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA BBB-/Stable (Assigned)
Term Loan	0.16	SMERA BBB-/Stable (Assigned)
Working Capital Demand Loan	2.44	SMERA BBB-/Stable (Assigned)
Stand by Line of Credit	0.25	SMERA A3 (Assigned)
Electronic dealer Financing Scheme (e-DFS)	5.00	SMERA A3 (Assigned)
Bank Guarantee	2.95	SMERA A3 (Assigned)

SMERA has assigned a long term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) to the Rs.13.80 crore bank facilities of Jai Kar Techno Private Limited (JKTPL). The outlook is '**Stable**'. The ratings draw support from the experienced management, healthy financial risk profile marked by low gearing and comfortable interest coverage ratio. The ratings also derive strength from the diversified customer base and geographical presence of the company in seven states including Jharkhand, Bihar, Odisha among others. Additionally, the ratings also take note of its long term association and established relation with Cummins India Limited. However, the ratings are constrained by the modest scale of operations in the highly competitive dealership industry and low profitability due to the trading nature of business. The ratings are also constrained by the working capital intensive operations.

#### Rating Sensitivity Factors

- Ability to scale up operations and profitability
- Maintaining comfortable capital structure
- Efficient working capital management

#### Outlook: Stable

SMERA believes that JKTPL will continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the company scales up its operations while improving profitability and maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of declining revenues and deteriorating profit margins or capital structure.

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### About the Company

JKTPL was incorporated in April 2010 by Mr. Rajindra Chahal and family. The company commenced operations in 2011 after taking over the business of JK Diesels and Prime Power Services (associate concerns). In FY2014-15, the company also merged its group entity, Jas Kar Techno Private Limited.

The company is an authorised dealer of Cummins India Limited (CIL) and provides sales and service support for Cummins' products. Currently, it has presence in 98 districts across seven states including Jharkhand, Bihar, Odisha, Madhya Pradesh, Uttar Pradesh, Haryana and Punjab. The day-to-day affairs are managed by Mr. Kuldeep S. Chahal, Mr. Rajindra S. Chahal, Mr. Amrinder S. Chahal among others.

For FY2014-15, JKTPL reported net profit of Rs.1.09 crore on operating income of Rs.74.63 crore as compared to net profit of Rs.1.67 crore on operating income of Rs.88.12 crore in FY2013-14.

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