

March 22, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	1.40	SMERA B/Stable (Assigned)
Cash Credit	11.66	SMERA B/Stable (Assigned)
Bank Overdraft	18.00	SMERA B/Stable (Assigned)
Facility (Proposed)	0.94	SMERA B/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B' (read as SMERA B)** on the above mentioned bank facilities of Sainath Autolinks Private Limited (SAPL). The outlook is '**Stable**'. The rating is constrained by the below average financial risk profile, susceptibility of profit margins to cyclicity in the auto industry and intense market competition. However, the rating derives comfort from the established relation with Maruti Suzuki India Limited (MSIL) and modest scale of operations of the company.

Outlook: Stable

SMERA believes that SAPL will continue to benefit over the medium term. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while maintaining its operating profitability and improvement in the capital structure. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the scalability amidst intensifying competition in its area of operations or if the financial risk profile further deteriorates owing to higher-than-expected increase in debt-funded working capital requirements

Rating Sensitivity Factors

- Improvement in the capital structure
- Sustainability of revenues and profitability margins
- Efficient working capital management

About the Company

SAPL was established in 2010 by Mr. Mohan Chawla and Mr. Amarjeet Chawla. The company is an authorised dealer of MSIL and operates through its three showrooms cum service centres in West Bengal.

For FY2014-15, SAPL reported net profit of Rs.0.13 crore on operating income of Rs.77.86 crore, as compared with net profit of Rs.0.11 crore on operating income of Rs.85.74 Crore in FY2013-14.

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.



SMERA RATINGS LIMITED

Sainath Autolinks Private Limited (SAPL)

*Rating
Rationale***Contact List**

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@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.