



SMERA RATINGS LIMITED

Prabhanjan Automobiles Private Limited (PAPL)*Rating
Rationale***December 10, 2013**

Facilities	Amount (Rs. Crore)	Rating
Working Capital Term Loan	7.50	SMERA D (Assigned)
Inventory Funding	5.00	SMERA D (Assigned)
Term Loan	5.00	SMERA D (Assigned)
Cash Credit	3.00	SMERA D (Assigned)
Proposed Working Capital Facilities	4.50	SMERA D (Assigned)
Total Facilities	25.00	

SMERA has assigned a rating of '**SMERA D**' to the Rs.25.00 crore bank facilities of Prabhanjan Automobiles Private Limited (PAPL). The rating reflects the company's delays in servicing debt obligations. The rating also reflects the company's stretched liquidity position, weak debt protection metrics, exposure to intense competition prevalent in the two-wheeler dealership business and limited bargaining power with Honda Motorcycle and Scooter India Private Limited (HMSI). The aforementioned weaknesses are partially offset by PAPL's experienced management and consistent revenue growth.

About the company

PAPL, incorporated in May 2002, is an authorized dealer of HMSI. PAPL is engaged in sale and servicing of two-wheelers. The company is also involved in sale of two-wheeler spare parts and accessories. PAPL has eight showrooms and nine workshops across Vasai, Boisar and Jalgaon. The company is promoted by Mr. Aditya Jakhete.

For FY2012-13 (as per provisional financial statements), PAPL reported PAT of Rs.1.56 crore on operating income of Rs.105.83 crore, as compared with PAT of Rs.0.86 crore on operating income of Rs.86.15 crore for FY2011-12. The company's net worth stood at Rs.6.85 crore (provisional) as on March 31, 2013, as compared with Rs.3.29 crore a year earlier.

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