

Podder & Podder Equipment and Project Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	12.50	SMERA BB/Stable (Reaffirmed)
E –Direct Financing Scheme	7.50	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.20.00 crore bank facilities of Podder & Podder Equipment and Project Private Limited (PPEPPL). The outlook is '**Stable**'. The ratings continue to draw support from the company's established operations, experienced management and comfortable liquidity position. The ratings also factor in the exclusive dealership of JCB India. However, the ratings continue to remain constrained by the sluggish revenues amidst slowdown in the infrastructure industry and the moderate financial risk profile. The ratings also note the highly competitive construction equipment industry and the cyclicity in the end-user industry.

Update

PPEPPL's revenues have remained sluggish in FY2015-16 (provisional) at Rs.82.89 compared to Rs.80.29 crore in FY2014-15 mainly on account of slowdown in the infrastructure industry. The company has modest net worth of Rs.9.82 crore as on March 31, 2016 (provisional). Further, the company continues to have significant financial exposure (~55 per cent of net worth) to its group entities. PPEPPL's interest coverage ratio is moderate at 1.84 times in FY2014-15.

The company's working capital cycle stands comfortable at around 36 days in FY2015. The average working capital utilisation was comfortable at ~50 per cent during January to June, 2016.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Additional exposure to group companies

Outlook-Stable

SMERA believes that the company will continue to maintain a stable outlook over the medium term owing to its established relations with JCB India and its promoters' extensive experience in the dealership business. The outlook may be revised to 'Positive' in case the company scales up operations significantly with improvement in profitability while maintaining the capital structure. Conversely, the outlook may be revised to 'Negative' in case of weakening of the financial risk profile, particularly liquidity because of larger-than-expected working capital requirements or decline in cash accruals.

Criteria applied to arrive at the ratings:

- Trading Entities

About the Company

PPEPPL is an authorised dealer of construction and earthmoving equipments manufactured by JCB India Ltd. The company was established in 1989 by Mr. Vivekanand Podder and Mr. Mrinal Kanti Podder as a partnership entity and converted to a private limited company in 2008.

PPEPPL has showroom-cum-workshops at Silchar (Assam), Shillong (Meghalaya) and Agartala (Tripura). The company also has shops dealing in accessories and spare parts in Karimganj (Assam), Khliehriat, Tura (Meghalaya), Kumarghat and Udaipur (Tripura).

For FY2015-16 (provisional), PPEPPL reported profit after tax (PAT) of Rs.1.12 crore on operating income of Rs.82.89 crore, as compared with profit after tax (PAT) of Rs.0.97 crore on operating income of Rs.80.29 crore in FY2014-15.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
13 April, 2015	Cash Credit	12.50	SMERA BB (Assigned)	-	Stable
	E-DFS	7.50	-	SMERA A4+ (Assigned)	Stable

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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