

July 24, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	8.00	SMERA B/Stable (Assigned)
Term Loan	1.50	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facilities of MDH Trucks Private Limited (MTPL). The outlook is '**Stable**'. The rating reflects the company's modest scale of operations in an intensely competitive industry and weak financial risk profile marked by low operating profitability. These weaknesses are partially offset by the experience of MTPL's management in the industry and their established relationship with Tata Motors Limited.

Outlook: Stable

SMERA believes that the company will benefit over the medium term from its established relationship with Tata Motors Ltd and the promoters experience in the auto-dealership business. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while achieving higher profitability and increasing net worth. Conversely, the outlook may be revised to 'Negative' if the company records lower than expected cash accruals or if there is stretch in working capital requirements leading to deterioration in the financial risk profile.

About the Company

MTPL established in 2011, is an authorized dealer of Tata Motors Ltd in Andhra Pradesh. The day-to-day operations are managed by Mr. Mohammed Naveed Shaik.

For FY2013-14, the company reported PAT of Rs.0.28 crore on operating income of Rs.70.34 crore as compared with PAT of Rs.0.20 crore on operating income of Rs.70.12 crore for FY2012-13.

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