

August 06, 2015

Facilities	Amount (Rs. Crore)	Rating
Overdraft	2.25	SMERA B/Stable (Assigned)
Auto Loan	12.75	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facilities of Durgamba Motors (DM). The outlook is '**Stable**'. The rating is constrained by the firm's modest scale of operations and below-average financial risk profile marked by high gearing. However, the rating draws comfort from the extensive experience of the firm's management in the passenger transportation business.

### **Outlook: Stable**

SMERA believes that the firm will continue to benefit over the medium term from the promoter's extensive industry experience. The outlook may be revised to 'Positive' if the firm improves its scale of operations and profitability leading to improvement in its financial risk profile, particularly the capital structure. Conversely, the outlook may be revised to 'Negative' if the firm registers decline in cash accruals or working capital management leading to deterioration in the capital structure.

### **Rating Sensitivity Factors**

- Decline in operating rates impacting cash accruals
- Deterioration in working capital management weakening the liquidity profile
- Greater-than-expected capital withdrawal by partners

### **About the Firm**

DM, established in 1975, is a Karnataka-based firm, engaged in the passenger transportation business and parcel services. The firm's operations are managed by Mr. Sadananda Chatrahas and Mr. Krishnananda Chatra, partners with over four decades of experience in the above mentioned line of business.

For FY2013-14, the firm incurred net loss of Rs.0.11 crore on operating income of Rs.48.95 crore as against profit after tax (PAT) of Rs.0.03 crore on operating income of Rs.47.09 crore in FY2012-13.

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