



SMERA RATINGS LIMITED

Rudra Automart Private Limited (RAPL)

*Rating
Rationale***August 28, 2015**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	10.00	SMERA BB+/Stable (Assigned)
Cash Credit (Proposed)	5.00	SMERA BB+/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the above mentioned bank facilities of Rudra Automart Private Limited (RAPL). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management and average financial risk profile. The rating is also supported by the modest scale of operations, stable profit margin and well established market presence. However, the rating is constrained by the company's exposure to intense competition in the automobile dealership business and susceptibility of the profit margins to the inherent cyclicity in the industry.

Outlook: Stable

SMERA believes that RAPL will continue to benefit over the medium term from the promoters vast experience in the dealership business and its strong presence in the southern part of West Bengal. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in the area of operation or if the financial risk profile deteriorates owing to debt funded capex plans.

Rating Sensitivity Factors

- Scaling up of operations and maintaining profit margins
- Efficient working capital management

About the Company

RAPL, incorporated in 2007, is a West Bengal-based authorised dealer for passenger and commercial vehicles of Mahindra and Mahindra Limited. The company is promoted by Mr. Dipak Kumar Rudra who has more than three decades of experience in the industry. RAPL has four showroom-cum-service centres – two in Burdwan and one each in Bankura and Purulia which are districts of West Bengal.

RAPL reported profit after tax (PAT) of Rs.1.73 crore on operating income of Rs.166.97 crore for FY2013-14, as compared with PAT of Rs.1.86 crore on operating income of Rs.181.65 crore in FY2012-13.

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