

## Press Release

### Rudra Automart Private Limited (RAPL)

21 January, 2017

#### Rating Downgraded

<b>Total Bank Facilities Rated*</b>	Rs.15.00 Cr
<b>Long Term Rating</b>	SMERA BB/Stable (Downgraded from SMERA BB+/Stable )

\*Refer Annexure for details

#### Rating Rationale

SMERA has downgraded the long term rating of the abovementioned bank facilities of Rudra Automart Private Limited (RAPL) to '**SMERA BB**' (read as SMERA double B) from SMERA BB+ (read as SMERA double B plus). The outlook is '**Stable**'.

RAPL, incorporated in 2007, is a West Bengal-based authorised dealer for passenger and commercial vehicles of Mahindra & Mahindra Limited. The company was promoted by Mr. Deepak Kumar Rudra.

#### List of key rating drivers and their detailed description

##### Strengths:

**Experienced management:** The company benefits from its experienced management. Mr. Deepak Kumar Rudra, Director possesses more than 15 years of experience in the automobile industry.

**Modest scale of operations:** The revenues of the company stood at a modest level of around Rs.116.10 crore in FY2016 as against Rs.136.79 crore in FY2015.

**Average financial risk profile:** The average financial risk profile is marked by healthy networth of Rs.13.58 crore in FY2016. The gearing levels stood at a moderate 1.52 times while the interest coverage ratio (ICR) and debt service coverage ratio (DSCR) were at 1.75 times and 1.33 times respectively in FY2016. The NCA/TD stood at 0.09 times in FY2016.

##### Weaknesses:

**Working capital intensive operations:** RAPL's operations are working capital intensive marked by gross current asset days of 102 during FY2016 as compared to 80 days in FY2015. The inventory days have been high at 78 days in FY2016 as compared to 65 days in FY2015.

**Intense competition:** RAPL faces competition from various dealers of Mahindra and Mahindra as well as those of other automobile companies such as Skoda, Toyota, Maruti to name a few

**Analytical approach:** SMERA has considered the standalone business and financial risk profiles of RAPL.

**Applicable Criteria:**

- Trading Entities: <https://www.smerra.in/criteria-trading.htm>
- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

**Outlook: Stable**

SMERA believes that RAPL will maintain a stable outlook over the medium term owing to its promoters vast experience in the dealership business and strong presence of the company in the southern part of West Bengal. The outlook may be revised to 'Positive' if the scale of operations increases substantially, while maintaining operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

**About the Rated Entity**

RAPL, incorporated in 2007, is a West Bengal-based authorised dealer of passenger and commercial vehicles of Mahindra & Mahindra Limited. The company was promoted by Mr. Deepak Kumar Rudra.

For FY2015-16, RAPL registered profit after tax (PAT) of Rs.0.61 crore on operating income of Rs.116.10 crore, as compared with PAT of Rs.1.23 crore on operating of Rs.136.79 crore in FY2014-15.

**Status of non-cooperation with previous CRA (if applicable):** Not Applicable

**Any other information:** Not Applicable

**Rating History for the last three years:**

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	10.00	SMERA BB/Stable (Downgraded)	-	-	28-Aug	SMERA BB+/Stable (Assigned)	-	-
Cash Credit (Proposed)	LT	5.00	SMERA BB/Stable (Downgraded)	-	-	28-Aug	SMERA BB+/Stable (Assigned)	-	-

**\*Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	N.A	N.A	N.A	10.00	SMERA BB/Stable (Downgraded)
Cash Credit (Proposed)	N.A	N.A	N.A	5.00	SMERA BB/Stable (Downgraded)

**Note on complexity levels of the rated instrument:**  
<https://www.smera.in/criteria-complexity-levels.htm>

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**ABOUT SMERA**

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