

Press Release
RUDRA AUTOMART PRIVATE LIMITED
January 22, 2025
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short T
Bank Loan Ratings	23.00	ACUITE BB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	23.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has reaffirmed its long-term rating of **ACUITE BB** (read as **ACUITE double B**) on the Rs.23.00 Cr. bank facilities of Rudra Automart Private Limited (RAPL). The outlook remains 'Stable'.

Rationale for rating reaffirmation

The company has a steady business risk profile marked by revenue of Rs. 159.94 crore in FY24 compared to Rs. 156.72 Cr. in FY23, driven by strong sales of Mahindra's 3XO model, with a slight improvement in operating and PAT margins. Further the company achieved Rs. 108.41 Cr. till October 24. RAPL has a moderate financial risk profile, with a tangible net worth of Rs. 20.59 crore, moderate gearing of 1.07 times, and comfortable debt protection metrics in FY2024. These strengths are partly offset by the company's working capital intensive nature of operations along with competitive and fragmented Industry. Acuite expects stable performance and moderate financial risk over the near term.

About the Company

Incorporated in 2007, Rudra Automart Private Limited (RAPL) is based in West Bengal and managed by Mr. Dipak Kumar Rudra and family. The company is an authorized dealer of Mahindra and Mahindra Ltd and is engaged in trading of passenger cars and commercial vehicles. It also provides repair and maintenance services to the same. RAPL has four showroom-cum-service centres with two showrooms located in Bankura and one showroom in Burdwan and one in Purulia district of West Bengal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profile of Rudra Automart Private Limited (RAPL).

Key Rating Drivers

Strengths

Long standing operations and experienced management

The company has established a long track record of operations, spanning around two decades with the assistance of the directors, Mr. Dipak Kumar Rudra and Mr. Debrup Rudra. The promoters have an extensive experience of over three decades in the auto dealership segment. Acuite derives comfort from the vintage of the promoters and believes that RAPL's long presence in the business along with the experience of the management will continue to support the company going forward.

Steady Scale of Operations

In FY2024, the company achieved a revenue of Rs 159.94 crore, a marginal increase from Rs 156.72 crore in FY2023. Further, the company has achieved Rs.108.41 Cr. till October 2024. This growth is largely driven by the successful launch of Mahindra's new model, the 3XO, which has garnered significant demand, resulting in 1-2 months waiting period. The company continues to operate with a balanced mix of passenger and commercial

vehicles, with passenger vehicles contributing 55%-60% of total revenue, while commercial vehicles account for the remaining 40%-45% in FY2024. The operating margin showed a slight improvement, increasing to 3.57% in FY2024, compared to 3.47% in FY2023. The company's Profit After Tax (PAT) margin also improved marginally to 0.83% in FY2024 from 0.73% in FY2023. Acuite believes that the company's scale of operations will improve over the medium to near term.

Moderate financial risk profile

The company's financial risk profile is moderate marked by marginal increase in net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth has improved of the company stood at Rs. 20.59 Cr. as on March 31, FY2024 as compared to Rs.19.28 Cr. as on March 31, FY2023 due to accretion to reserves. The gearing of the company stood healthy at 1.07 times in FY2024 as against 1.12 times in FY2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) has improved to 1.41 times as on FY2024 as against 1.62 times as on FY2023. The debt protection metrics of the company remain moderate marked by Interest coverage ratio (ICR) of 2.32 times and debt service coverage ratio (DSCR) of 1.18 times for FY2024. The net cash accruals to total debt (NCA/TD) stood at 0.12 times in FY2024. The company's Return on Capital Employed (ROCE) stood at a comfortable 9.80% in FY2024, slightly lower than 10.95% in FY2023.

Going forward, Acuite believes that the financial risk profile will remain moderate over the near term backed by steady net worth improved TOL/TNW and comfortable capital structure.

Moderate working capital nature of operations

The company has moderate working capital cycle as evident from gross current assets (GCA) of 79 days for FY2024 and 83 days for the FY2023. Debtor days stood at 16 days in FY2024, up from 11 days in FY2023. The inventory period stood at 58 days in FY2024 from 70 days in FY2023. Against this, the creditor days decreased to 10 days in FY2024 from 19 days in FY2023. The credit terms with its primary supplier, Mahindra, are largely based on advance payments. Acuite believes that the working capital operations of the company will remain at the similar levels over the near term.

Weaknesses

Competitive and fragmented Industry

RAPL operates in a highly competitive and fragmented market with limited entry barriers. Furthermore, the company is also exposed to intense competition from other automobile companies such as Honda, Tata Motors, Maruti, Toyota, to name a few. Besides, the launch of new models at competitive prices eats into the market share of Mahindra, which in turn, affects dealers, including RAPL. Hence, to increase sales amidst the highly competitive Indian automobile sector, automobile dealers are likely to thin down their margins.

Rating Sensitivities

- Improvement in the financial risk profile
- Elongation in the working capital cycle
- Movement in debt protection metrics

Liquidity Position

Adequate

The company has adequate liquidity marked by net cash accruals of Rs. 2.57 Cr. as on FY2024 as against debt obligation of Rs. 1.83 Cr. over the same period. The cash and bank balance stood at Rs. 1.23 Cr. for FY 2024. Further, the current ratio of the company stood at 1.36 times in FY2024. The working capital cycle of the company is marked by Gross Current Assets (GCA) of 79 days for FY2024 as compared to 83 days for the FY2023. The bank limit of the company has been ~ 97.00 percent utilized for the last six months ended in December 2024. Acuite believes that the liquidity of the company is likely to remain stretched over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	159.94	156.72
PAT	Rs. Cr.	1.32	1.14
PAT Margin	(%)	0.83	0.73
Total Debt/Tangible Net Worth	Times	1.07	1.12
PBDIT/Interest	Times	2.32	2.06

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
25 Oct 2023	Cash Credit	Long Term	19.00	ACUITE BB	Stable (Reaffirmed)
	Inventory Funding	Long Term	4.00	ACUITE BB	Stable (Reaffirmed)
29 Jul 2022	Cash Credit	Long Term	19.00	ACUITE BB	Stable (Reaffirmed)
	Inventory Funding	Long Term	4.00	ACUITE BB	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.00	Simple	ACUITE BB Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BB Stable Reaffirmed

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About Acuité Ratings & Research

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