



SMERA RATINGS LIMITED

**Seemanchal Motors Private Limited (SMPL)****Rating  
Rationale****September 07, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	0.60	SMERA BB+/Stable (Assigned)
e-DFS	8.50	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB+**' (read as **SMERA B plus**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.9.10 crore bank facilities of Seemanchal Motors Private Limited (SMPL). The outlook is '**Stable**'. The ratings draw comfort from the company's association with Maruti Suzuki India Limited (MSIL), healthy growth in revenue, and comfortable financial risk profile. However, the ratings are constrained by the company's limited track record of operations, the intense competition prevalent in the automobile dealership business and the cyclical nature associated with the automobile industry.

**Outlook: Stable**

SMERA believes that the company will maintain a stable business profile in the medium term. The outlook may be revised to 'Positive' if the company registers strong growth in revenue and profit margins and maintains comfortable financial risk profile. The outlook may be revised to 'Negative' in case of steep decline in the company's revenue and profit margins, or in case of deterioration in the company's capital structure.

**About the Company**

SMPL was incorporated in April 2012, under the directorship of Mr. Arun Kumar Agrawal, Mr. Lalit Kumar Agrawal, Mrs. Jaya Agrawal and Mrs. Archana Agrawal. The company is the sole authorised dealer for Maruti Suzuki India Ltd's passenger vehicles in Purnea, Bhagalpur, Katihar, Kishanganj and Forbesganj districts. The company commenced its operations from October, 2012.

SMPL reported profit after tax (PAT) of Rs.0.89 crore on operating income of Rs.67.19 crore for FY2013-14, as compared with PAT of Rs.0.14 crore on operating income of Rs.23.64 crore in FY2012-13. The company registered revenues of Rs.99.75 crore (provisional) for FY2014-15.

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*Rating  
Rationale*

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