



MDH Motors Private Limited (MMPL)

September 28, 2015

Facilities	Amount (Rs. Crore)	Rating
Overdraft	3.00	SMERA B/Stable (Assigned)
Term Loan	2.00	SMERA B/Stable (Assigned)
Inventory Funding	3.00	SMERA B/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA B' (read as SMERA B)** to the above mentioned bank facilities of MDH Motors Private Limited (MMPL). The outlook is '**Stable**'. The rating is constrained by the weak financial risk profile marked by modest scale of operations and weak debt coverage indicators in an intensely competitive automobile dealership business. These weaknesses are partially offset by the experience of the management.

Outlook: Stable

SMERA believes that the company will benefit in the medium term from its relationship with Hyundai Motors Limited and the promoters experience in the automobile dealership business. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while achieving higher profitability and enhanced net worth base. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability or if the financial risk profile deteriorates owing to deteriorating profitability and debt protection metrics along with higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Ability to increase its scale of operations, improve profitability margins
- Efficient working capital management

About the Company

Established in 2013, MMPL, promoted by Mr. Mohammed Naveed Shaik is an authorised dealer of Hyundai cars and also deals in spare parts.

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SMERA RATINGS LIMITED

MDH Motors Private Limited (MMPL)

*Rating
Rationale*

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