



SMERA RATINGS LIMITED

Rosmerta Autotech Private Limited (RAPL)

Rating Rationale

January 29, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan (Proposed)	1.00	SMERA BB-/Stable (Assigned)
Cash Credit (Proposed)	10.00	SMERA BB-/Stable (Assigned)
Bank Guarantee (Proposed)	9.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and a short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the above mentioned Rs.20.00 crore bank facilities of Rosmerta Autotech Private Limited (RAPL). The outlook is '**Stable**.' The ratings are supported by the company's experienced management and moderate financial risk profile. However, the ratings are constrained by the modest and volatile scale of operations, competitive nature of industry and susceptibility of the business risk profile to adverse regulatory changes.

Outlook: Stable

SMERA believes that RAPL will maintain a stable outlook on account of the company's experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' if the company registers significant improvement in revenues and accruals, while efficiently managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of lower than expected scale of operations/margins or if the company registers substantial elongation in its working capital cycle leading to deterioration in the debt protection metrics.

Rating Sensitivity Factors

- Improving returns on capital employed and net profit margin
- Increasing revenues and expanding scale of operations

About the Company

RAPL is based out of Gurgaon and is a wholly owned subsidiary of Rosmerta Technologies Limited (RTL). It manufactures road safety devices for government authorities, original equipment manufacturers (OEMs) and private dealers of road safety equipments targeted at the domestic and international markets.

The company reported profit after tax (PAT) of Rs.0.41 crore on operating income of Rs.10.19 crore in FY2015 as against PAT of Rs.1.86 crore on operating income of Rs.24.19 crore in FY2014.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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*Rating
Rationale*

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