



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.

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### Contact List:

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