

April 23, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	11.00	SMERA BBB-/Stable (Assigned)
Inventory funding	4.00	SMERA BBB-/Stable (Assigned)
Wholesale Finance Facility	5.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as SMERA triple B minus) to the above mentioned bank facilities of Machino Techno Sales Limited (MTSL). The outlook is '**Stable**'. The rating is supported by the experienced management, long track record of operations and steady revenue growth. The rating also draws support from the healthy financial risk profile marked by robust coverage indicators, low gearing and comfortable net worth. Further, the rating also factors in the established relationship with its principal, Maruti Suzuki India Limited. However, the rating is constrained by the thin profitability due to trading nature of business and intense competition from other auto dealers.

Outlook: Stable

SMERA believes that MTS defense will continue to benefit over the medium term from its promoters' extensive experience in the dealership business and its established presence in Kolkata. The outlook may be revised to 'Positive' if the scale of operations increases substantially coupled with an improvement in the operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the scalability amidst intensifying competition in its area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Sustaining profitability and capital structure
- Continued relation with Maruti Suzuki India Limited
- Extent of capex and its funding mix

About the Company

The Kolkata-based MTS defense, authorised dealer of Maruti Suzuki since 1984 is engaged in sales of passenger vehicles and servicing. The company has one show room and two service centres in Kolkata.

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The company reported profit after tax (PAT) of Rs.1.59 crore on operating income of Rs.134.74 crore for FY2014-15, as compared with PAT of Rs.1.76 crore on operating income of Rs.129.30 crore in FY2013-14.

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