

February 04, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA B-/Stable (Assigned)
Overdraft Against Fixed Deposit	5.00	SMERA B-/Stable (Assigned)
Overdraft Against Property	2.80	SMERA B-/Stable (Assigned)
Bank Guarantee	9.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B-**' (read as **SMERA single B minus**) and '**SMERA A4**' (read as **SMERA A four**) to the abovementioned bank facilities of Sharp Comtrade Limited (SCL). The outlook is '**Stable**'. The ratings are constrained by the company's small scale of operations, uneven revenue and weak financial profile. The ratings are also constrained by the company's exposure to intense volatility inherent in commodity trading business. The ratings factor in risks related to the company's proprietary trading activity. However, the ratings are supported by the company's experienced management.

SCL is primarily engaged in commodity broking since 2010. The company also undertakes proprietary trading in commodities. SCL has small-scale operations. The company operates out of a single office (in Delhi) and caters to ~15 customers. SCL's revenue has declined from Rs.54.39 crore in FY2012-13 (refers to financial year, April 01 to March 31) to Rs.14.87 crore in FY2013-14; however, as per 6M FY2015 (provisional) company has achieved revenue of Rs.36.72 crore. The company's weak financial profile is marked by thin net profit margin of 1.26 per cent in FY2013-14 and low net worth of Rs.1.41 crore as on March 31, 2014. SCL is exposed to intense volatility inherent in the commodity trading business. The company is also exposed to the risk of high losses and capital erosion arising from proprietary trading activity.

SCL benefits from its experienced management. The promoters of the company have around 10 years of experience in commodity trading and broking business.

Outlook: Stable

SMERA believes SCL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company scales up its broking business by expanding clientele. The outlook may be revised to 'Negative' in case the company registers decline in revenues from broking activity and sustained losses in proprietary trading, or in case of deterioration in the company's profit margins or liquidity position.

About the company

SCL (formerly known as Sharp Solution Limited) is a Delhi-based company engaged in commodity broking since 2010. SCL also undertakes proprietary trading activity in the commodity segment. The company is a member of the National Commodity and Derivative Exchange (NCDEX) and Multi

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Commodity Exchange (MCX). SCL also holds membership of NCDEX SPOT Exchange and ACE Exchange.

For FY2013-14, SCL reported profit after tax (PAT) of Rs.0.19 crore on operating income of Rs.14.87 crore, as compared with PAT of Rs.0.19 crore on operating income of Rs.54.38 crore for FY2012-13. Further, in 6M FY2014-15 (refer to period April 01 to September 30), the company reported PAT of Rs.0.12 crore (provisional) on operating income of Rs.37.05 crore (provisional). SCL's net worth stood at Rs.1.54 crore (provisional) as on September 30, 2014.

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