

July 15, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.50	SMERA B+/Stable (Assigned)
Letter of Credit	20.00	SMERA A4 (Assigned)

SMERA has assigned a long term rating of **SMERA B+ (read as SMERA B plus)** and a short term rating of **'SMERA A4' (read as SMERA A four)** to the above mentioned bank facilities of Hardware Trading Corporation (HTC). The rating is constrained by the firm's moderate scale of operations coupled with declining revenue and weak business risk profile in an intensely competitive segment of the chemicals industry. The rating is also constrained by the susceptibility of the firm's profit margins to foreign exchange fluctuations. However, the rating draws comfort from the experienced management and moderate financial risk profile.

HTC, established in 1960 is a Mumbai-based firm engaged in the trading of import license, chemicals and batteries. The firm's moderate operating scale is reflected in the operating income of Rs.46.36 crore in FY2013-14 (refers to financial year, April 01 to March 31) as compared to Rs.72.56 crore in FY2012-13. HTC's weak business risk profile is marked by declining operating margins of 1.08 per cent in FY2013-14 as against 1.92 per cent in FY2012-13. Besides, the firm operates in an intensely competitive industry. Also, since the firm imports its raw materials without follow any hedging policy, the profitability of the firm is exposed to foreign exchange fluctuation risk.

However, HTC benefits from its experienced management. Mr. Mahesh Vora and Mr. Pankaj Vora, the partners of the firm have around five decades of experience in the same line of business. The firm's moderate financial risk profile is reflected in the gearing of 1.14 times as on March 31, 2014 and interest coverage of 2.76 times in FY2013-14.

About the Firm

HTC, established in 1960 is a Mumbai-based partnership firm engaged in the trading of import license, chemicals and batteries.

For FY2013-14, HTC reported profit after tax (PAT) of Rs.0.89 crore on total operating income of Rs.47.41 crore as compared to PAT of Rs.2.90 crore on total operating income of Rs.72.56 crore in FY2012-13. The firm's net worth stood at Rs.19.63 crore as on March 31, 2014 as compared to Rs.11.19 crore a year earlier.

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SMERA RATINGS LIMITED

Hardware Trading Corporation (HTC)

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