

September 10, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA B/Stable (Assigned)
Bank Guarantee	2.00*	SMERA A4 (Assigned)
Proposed Cash Credit	4.00	SMERA B/Stable (Assigned)

* Rs.1 crore is fully interchangeable with cash credit limit

SMERA has assigned a rating of '**SMERA B' (read as SMERA B)** to the Rs.8.00 crore long-term (fund based) and **SMERA A4 (read as SMERA A four)** to the Rs.2.00 crore short-term (non-fund based) bank facilities of Trade Perfections (TP). The outlook is '**Stable**'. The ratings of the firm are constrained by the low profitability amidst highly competitive and fragmented nature of the industry. The ratings are further constraint due to the stretched liquidity on account of working capital intensive nature of business. However, the aforementioned weaknesses are partially offset by the experienced management and healthy relations with customers and suppliers.

TP has interest bearing unsecured loans from promoters, friends and relatives in FY2014-15 that are subordinated to bank debt. SMERA has treated such unsecured loans (Rs 1.81 crore) as quasi-equity.

Outlook: Stable

SMERA believes TP will maintain a stable business risk profile over the medium term on account of its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenues and cash accruals while achieving efficient working capital management. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile.

Rating Sensitivity Factors

- Profitability level
- Working capital cycle management

About the Firm

TP, established in 2006, is a Noida-based partnership firm promoted by Mr. Rajesh Aggarwal. The firm is engaged in the manufacture of transformers at its manufacturing facility in Noida (UP). For FY2014-15, TP reported profit after tax (PAT) of Rs.0.06 crore (provisional) on operating income of Rs.73.98 crore, as compared with PAT of Rs.0.07 crore on operating income of Rs.32.23 crore in FY2013-14. TP's net worth stood at Rs.4.51 crore (provisional) as on March 31, 2015, as compared with Rs.4.24 crore a year earlier.

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.



Trade Perfections (TP)

*Rating
Rationale*

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