

November 16, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	16.00	SMERA BB/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB** (read as **SMERA BB**) to the Rs.16.00 crore bank facility of Aryavrat Trading Private Limited (ATPL). The outlook is '**Stable**'. The rating is supported by the long track record of operations, experienced and qualified management and consistently growing scale of operations. The rating also takes comfort from the support from the flagship company of the group, Wearit Global Ltd (rated SMERA BB+/Stable/A4+). However, the rating is constrained by the thin profit margins, susceptibility of the profit margins to volatility in raw material prices and working capital intensive operations.

Outlook: Stable

SMERA believes the outlook on ATPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company registers significant increment in its profitability while maintaining comfortable liquidity position. The outlook may be revised to 'Negative' in case of decline in profitability and stretched working capital cycle.

Rating Sensitivity Factors

- Ability to improve profit margins while sustaining revenue growth.
- Efficient working capital management.

About the Company

Incorporated in 1999, ATPL, part of the Wearit group, started off as an investment company and subsequently forayed into trading of cotton, synthetic yarns and fibre from May 2010. The company is promoted by Mr. Manish Kumar.

For FY2014-15, ATPL reported profit after tax (PAT) of Rs.0.15 crore on net sales of Rs.76.29 crore as compared with PAT of Rs.0.06 crore on net sales of Rs.62.18 crore in FY2013-14. The company's net worth stood at Rs.7.84 crore as on March 31, 2015, as compared with Rs.7.70 crore a year earlier.

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