

**February 12, 2016**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.40	SMERA BB-/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.6.40 crore long term (fund based) facility of Arihant Traders (AT). The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management, healthy relationship with customers and suppliers and healthy financial risk profile. However, the aforementioned strengths are partially offset by the intense competition in the hardware industry, limited track record of operations and low profitability profile.

### Outlook: Stable

SMERA believes AT will maintain a stable business risk profile over the medium term and the firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case of significant and sustained improvement in operating income while maintaining profitability margins and leverage. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the revenue profile, lengthening of working capital cycle or debt funded capital expansion.

### Rating Sensitivity Factors

- Debt funded capital expansion
- Efficient working capital cycle
- Increasing revenue and profitability

### About the Firm

The New Delhi-based, AT, established in 2011 was promoted by Mr Jitender. The firm is engaged in the trading of hardware, glass and safety equipments.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.2.06 crore on operating income of Rs.102.52 crore, as compared with profit after tax (PAT) of Rs.0.46 crore on operating income of Rs.60.52 crore in FY2013-14. The net worth of the company stood at Rs.9.54 crore as on March 31, 2015 against Rs.5.54 crore a year earlier.



SMERA RATINGS LIMITED

## Arihant Traders (AT)

## Rating Rationale

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