

**March 26, 2016**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.50	SMERA B/Stable (Assigned)
Cash Credit (Warehouse Receipts)	2.00	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B' (read as SMERA B)** on the Rs.8.50 crore long-term bank facilities of Rohit Trading Company (RTC). The outlook is '**Stable**'. The rating is constrained by the firm's weak financial risk profile, low profitability margins and stretched liquidity position. However, the rating is supported by the experienced management.

Outlook: Stable

SMERA believes RTC will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm is able to sustain its revenue growth along with substantial improvement in profitability and financial risk profile. The outlook may be revised to 'Negative' in case the firm fails to achieve the projected scalability in revenues or if the financial risk profile deteriorates on account of higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Increase in revenues with improvement in profitability
- Efficient working capital management

About the Firm

RTC is a Gujarat-based proprietorship firm incorporated in 1995 by Mr. Haresh Somaiya. The firm is engaged in the trading of agro products such as sugar, jaggery and coriander among others. The registered office of the firm is at Jamnagar, Gujarat.

For FY2014-15, RTC reported profit after tax (PAT) of Rs.0.31 crore on operating income of Rs.47.00 crore, as compared with PAT of Rs.0.25 crore on operating income of Rs.29.20 crore in FY2013-14. The net worth stood at Rs.6.25 crore as on March 31, 2015.

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SMERA RATINGS LIMITED

Rohit Trading Company (RTC)

*Rating
Rationale*

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