

August 10, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.50	SMERA BB/ Stable (Assigned)
Letter of Credit	0.75	SMERA A4+ (Assigned)
Bank Guarantee	1.10	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB**' (read as **SMERA double B**) and a short term rating of **SMERA A4+ (read as SMERA A four plus)** to the above mentioned bank facilities of Toshniwal Brothers (SR) Private Limited. The outlook is '**Stable**'.

The ratings derive comfort from the established operational track record, moderate financial profile marked by comfortable debt protection metrics and healthy relations with reputed clientele. However, the ratings are constrained by the company's modest scale of operations, working capital intensive nature of business and declining profitability.

Outlook: Stable

SMERA believes that the company would continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case of healthy increase in cash accruals while achieving a comfortable working capital management. However, the outlook maybe revised to 'Negative' in case of stretched working capital management resulting in stressed liquidity and in turn deterioration of the financial profile.

Rating Sensitivity Factors

- Effective working capital management
- Sustainability of healthy profit margins

About the Company

Incorporated in 1981, TBPL is a Bangalore-based company engaged in the trading of testing instruments, zinc, fibre glass and allied products. The day-to-day operations of the company are managed by Mr. Anuj Toshniwal and Mr. Anant Toshniwal whose family has been in this line of business since 1948.

For FY2013-14, TBPL reported profit after tax (PAT) of Rs.0.74 crore on operating income of Rs.18.82 crore as compared to PAT of Rs.0.38 crore on income of Rs.11.31 crore in FY2012-13.

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