

December 18, 2013

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA B-/Stable (Assigned)
Term Loans	4.00	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (read as **SMERA B minus**) to the above-mentioned bank facilities of Tara Tradelink Private Limited (TTPL). The outlook is stable. The rating is constrained by the company's short track record and small scale of operations in a highly fragmented and competitive plastics industry. The rating is further constrained by the company's weak financial risk profile and susceptibility to raw material price volatility. However, the rating derives support from the company's experienced management and diversified customer base.

TTPL commenced operations in April 2011 by undertaking trading of tarpaulin. The company ventured into manufacturing of high-density polyethylene (HDPE) tarpaulins in March 2012. Further, TTPL undertook backward integration (in March 2013) to manufacture HDPE woven fabric — a key input used in manufacturing of HDPE tarpaulins.

TTPL is a small player in a highly competitive and fragmented plastics industry. The company has a small scale of operations with total operating income of Rs.10.83 crore and PAT of Rs.0.07 crore for FY2012-13 (refers to financial year, April 01 to March 31). TTPL's overall leverage deteriorated from 1.42 times as on March 31, 2012 to 3.02 times as on March 31, 2013. The company's profit margins are susceptible to volatility in raw material prices.

TTPL is likely to benefit from its experienced management. Mr. Hari Baheti, Promoter and Director of TTPL, has over two decades of experience in the plastics industry. TTPL has a diversified customer base. The company caters to customers across various industries including infrastructure, cement, housing and transportation.

Outlook: Stable

SMERA believes that TTPL will maintain a stable business risk profile on the back of its experienced management. The outlook may be revised to 'Positive' in case the company improves its scale of operations while achieving higher profit margins and lower leverage. Conversely, the outlook may be revised to 'Negative' in case the company does not achieve the projected scalability or in case of deterioration in the company's financial risk profile.

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About the company

TTPL, incorporated in June 2010, is a Gujarat-based company engaged in manufacturing of tarpaulins and HDPE woven fabric. TTPL was initially involved in trading of tarpaulins. The company commenced manufacturing in March 2012.

TTPL sells tarpaulins (under the brand names 'Shalitarp' and 'Shivamtarp') through dealers located in Paschim Banga, Karnataka, Uttar Pradesh, Chhattisgarh and Gujarat. The company is promoted by Mr. Hari Baheti — an entrepreneur with two decades of experience in the plastics industry.

TTPL's registered office and factory unit is located in Ahmedabad, Gujarat. The company has an installed manufacturing capacity of 3,600 MTPA.

For FY2012-13, TTPL reported PAT of Rs.0.07 crore on total operating income of Rs.10.83 crore as compared with PAT of Rs.0.02 crore on total operating income of Rs.8.25 crore for FY2011-12. TTPL's net worth stands at Rs.2.69 crore as on March 31, 2013.

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