



SMERA RATINGS LIMITED

Shree Arihant Trade Links (India) Private Limited (SATL)

Rating Rationale

September 18, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	9.50	SMERA BB/Stable (Reaffirmed)
Cash Credit*	8.00	SMERA BB/Stable (Reaffirmed)
Letter of Credit	30.00	SMERA A4+ (Reaffirmed)
Credit Exposure Limit	0.40	SMERA A4+ (Reaffirmed)

**One way interchangeability from cash credit to letter of credit to the extent of Rs 5.00 crore*

SMERA has reaffirmed the long term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the above mentioned bank facilities of Shree Arihant Trade Links (India) Private Limited (SATL). The outlook is '**Stable**'. The ratings continue to draw comfort from the experienced management and moderate financial risk profile. However, the ratings are constrained by the working capital intensive nature of operations, susceptibility of the company's profit margins to volatility in raw material prices and fluctuations in forex rates apart from intense market competition.

Outlook: Stable

SMERA believes SATL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected asset turnover and profitability, or improvement in the capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected cash accruals from additional capacities or deterioration in the liquidity position.

Rating Sensitivity Factors

- Deterioration in working capital management
- Any further debt funded capex
- Decline in revenue

About the Company

SATL, incorporated in 1998 is a Gujarat-based company promoted by Mr. Sanjay Jain, Mr. Shyam Sunder Jain, Mr. Naresh Kumar Jain and Mr. Suresh Kumar Jain. The company was initially engaged in the trading of coke and commenced manufacturing of low-ash metallurgical coke (LAMC) in 2005 at its production unit at Gandhidham, Gujarat. The total installed capacity of the plant stands at 1,44,000 mtpa. The overall operations of the company are managed by Mr. Vinit Jain.

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*Rating
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For FY2014–15, SATL reported profit after tax (PAT) of Rs.2.33 crore on net sales of Rs.77.51 crore, as compared with PAT of Rs.2.10 crore on net sales of Rs.89.41 crore for FY2013–14. The company's net worth stood at Rs.26.07 crore as on March 31, 2015, as compared with Rs.23.77 crore a year earlier.

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