

Shree Arihant Trade Links (India) Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit*	8.00	SMERA BB/Stable (Reaffirmed)
Term Loan	4.50	SMERA BB/Stable (Reaffirmed)
Letter of Credit	30.00	SMERA A4+ (Reaffirmed)
Credit Exposure Limit	0.40	SMERA A4+ (Reaffirmed)
Proposed Long Term	5.00	SMERA BB/Stable (Assigned)

* 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 Rs.42.90 crore bank facilities and assigned rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs.5.00 crore bank facility of Shree Arihant Trade Links India Private Limited (SATL). The outlook continues to remain '**Stable**'.

The ratings continue to be supported by the long track record of operations, experienced management and moderate financial risk profile marked by comfortable gearing and moderate coverage ratios. However, the ratings continue to be constrained by the muted revenue growth in FY2015-16 and working capital intensive business as evident from the high gross current asset (GCA) days. The ratings also factor in the volatility in raw material prices of coking coal and intense competition in the coal industry.

SATL, was incorporated on 6th October 1998 and promoted by Mr. Sanjay Jain, Mr. Shyam Sunder Jain, Mr. Naresh Kumar Jain, and Mr. Suresh Kumar Jain. The company commenced manufacturing of low-ash metallurgical coke (LAMC) at its plant in Gandhidham (Gujarat) from June 2005. Mr. Vinit Jain manages the day-to-day operations of the company.

SATL has moderate financial risk profile marked by comfortable gearing (debt-to-equity) of 0.60 times in FY2015-16 as against 0.65 times in FY2014-15. The interest coverage ratio declined to 1.93 times in FY2015-16 as against 2.25 times in FY2014-15.

However, the company has shown muted growth in FY2015-16 with revenue of Rs.76.64 crore, marginal improvement from Rs.75.52 crore in FY2014-15. The PAT margin was low and stood at 0.49 per cent in FY2015-16 against 0.45 per cent in FY2014-15. The company has working capital intensive business marked by high gross current asset (GCA) of 204 days in FY2015-16 as compared to 194 days in FY2014-15. The company is exposed to volatility in raw material prices of coking coal and intense competition in the coal industry.

Outlook- Stable

SMERA believes that SATL will continue to maintain a stable outlook in the medium term owing to the established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' in case of significant improvement in operations, profitability and working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Improvement in working capital cycle

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

SATL was incorporated in 1998, by Mr. Sanjay Jain, Mr. Shyam Sunder Jain, Mr. Naresh Kumar Jain, and Mr. Suresh Kumar Jain. The company is engaged in the manufacture of low-ash metallurgical coke (LAMC). The company imports raw material from Australia and sells the same to clients across India. It also exports to Pakistan, Saudi Arabia, Egypt and Jordan.

For FY2015-16, the company reported profit after tax (PAT) of Rs.0.37 crore on operating income of Rs.76.64 crore, as compared with PAT of Rs.0.34 crore on operating income of Rs.75.52 crore in FY2014-15. The net worth stood at Rs.24.45 crore as on March 31, 2016 against Rs.24.08 crore a year earlier.

Rating History:

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
18 Sep, 2015	Term Loan	9.50	SMERA BB (Reaffirmed)	-	Stable
	Cash Credit*	8.00	SMERA BB (Reaffirmed)	-	Stable
	Letter of Credit	30.00	-	SMERA A4+ (Reaffirmed)	-
	Credit Exposure Limit	0.40	-	SMERA A4+ (Reaffirmed)	-
26 June, 2014	Term Loan	9.50	SMERA BB (Assigned)	-	Stable
	Cash Credit*	8.00	SMERA BB (Assigned)	-	Stable
	Letter of Credit	30.00	-	SMERA A4+ (Assigned)	-
	Credit Exposure Limit	0.40	-	SMERA A4+ (Assigned)	-

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

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ABOUT SMERA

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