

Rating Rationale

Abiramee Timber Company

14Mar2019

Brickwork Ratings revises and reaffirms the ratings for the Bank Loan Facilities of ₹. 15.94 Crores of Abiramee Timber Company.(ATC or the Firm)

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*		
	Previous	Present		Previous to Previous (Oct, 2015)	Previous (Mar,2017)	Present
Fund based Secured Overdraft Term Loan	1.50 -	1.80 0.64	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	Ratings Not Reviewed	BWR B (Pronounced as BWR Single B) Outlook: Stable Downgraded
Non Fund Based FLC ILC (Sublimit Of FLC) CEL CP (discounting Facility)	11.00 (5.00) - 0.10	12.00 (5.00) 1.50 -	Short Term	BWR A4 (Pronounced as BWR A Four)		BWR A4 (Pronounced as BWR A Four) Reaffirmed
Total	12.60	15.94	INR Fifteen Crores and Ninety Four Lakhs Only			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Note: The firm has not provided projected financials of FY 19 & 20

Ratings: Long term ratings Downgraded and Short term ratings Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon the audited financials upto FY18 and publicly available information and information/clarifications provided by the firm.



The rating draws comfort from the partners experience in the same line of business and increased net profit margin.

However the rating is constrained by decreasing operating revenues, tight liquidity, exposure to foreign exchange price risk, and inherent risk.

Going forward the firm's ability to improve revenues, profitability margins, infuse own funds and service the debt obligations would be the key rating sensitivities of the firm.

Description of Key Rating Drivers

Credit Strengths:

- The proprietor Mr. Rajaiah Jaypal Senthil has 17 years of experience in the same line of business.
- The Net profit margin of the Firm stood at 2.57% at FY18 as against 1.68% in FY17.

Credit Risks:

- The operating revenue of the Firm decreased by 16.50% to Rs. 19.07 Crs in FY18 as against Rs. 22.84 Crs in FY17 due to slowdown in the construction industry who are the major customers of the firm
- Interest coverage indicator stood at 0.52x, debt coverage indicator stood at 1.32x, while current ratio stood at 1.02x in FY18, the average utilisation of overdraft stood at 98% in the last six months evidencing towards the tight liquidity in the firm.
- The firm is exposed to foreign exchange rate risk as most of its timber sold by the firm is imported from foreign countries
- The constitution of the firm being partnership in nature is exposed to inherent risks.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Abiramee Timber Company** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained



improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

Abiramee Timber was established in 2000 in MuthiahPuram, Tamil Nadu as a proprietary concern by Mr. Rajaiah Jaypal Senthil. Mr. Senthil has an experience of 17 years in the same line of business The firm is a trader of various kinds of timber, imports from countries such as Malaysia, Burma, Australia, New Zealand and Singapore and sells it domestically. The firm trades in woods such as teak wood, rose wood, hard wood, Maple & Mahogany. The firm takes care of procuring raw materials and selling directly. The firm supplies to retailers, wholesalers and construction companies. The Firm has a storage set up of 1.67 acres.

Firm Financial Performance

The revenues of the firm stood at Rs. 19.07 Crs in FY18 as against Rs. 22.84 Crs in FY17. PAT of the firm stood at Rs. 0.49 Crs as against Rs. 0.38 Crs in FY17. Net profit margin of the firm stood at 2.57x in FY18 as against 1.68x in FY17. The tangible net worth of the Firm stood at Rs. 2.29 Crs in FY18.

Rating History for the last three years

S.No	Facility	Current Rating(2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	28.3.2017	2016	13.10.2015
1.	Fund Based	Long Term	2.44	BWR B (Pronounced as BWR single B) Outlook: Stable Downgraded	Rating Not Reviewed	Not Rated	BWR B+ (Pronounced as BWR single B Plus) Outlook: Stable
2.	Non Fund Based	Short Term	13.50	BWR A4 (Pronounced as BWR A Four) Reaffirmed			BWR A4 (Pronounced as BWR A Four)
	Total		15.94	₹ Fifteen Crores and Ninety Four Lakhs Only			

Status of non-cooperation with previous CRA: Not to our knowledge Any other information - NIL, Not rated in 2018



Key Financial Indicators

Key Parameters	Units	2018	2017	2016
Result Type		Audited	Audited	Audited
Operating Revenue	Crores	19.07	22.84	19.8
EBITDA	Crores	0.39	1.00	1.25
PAT	Crores	0.49	0.38	0.37
Tangible Net worth	Crores	2.29	2.03	1.71
Total Debt/Tangible Net worth	Times	8.01	8.53	7.72
Current Ratio	Times	1.02	1.01	1.07

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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