

Rating Rationale

Brickwork Ratings assigns the rating of ‘BWR B+’ for the long term borrowings & ‘BWR A4’ for the short term borrowings availed by Abiramee Timber Company’s Bank Loan Facilities of ₹ 12.60 Cr.

Brickwork Ratings assigns the **Ratings¹** for Bank Loan facilities aggregating ₹ 12.60 Cr of Abiramee Timber Company (**‘or Firm’**) availed from Karur Vysya Bank.

Facilities	Amount (₹ Cr)	Tenure	Rating Assigned
Fund Based Over Draft	1.50	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable
Fund Based Bill Discounting	0.10	Short Term	BWR A4 (Pronounced as BWR A Four)
Non Fund Based Foreign Letter of Credit	11.00		
Total	12.60	INR Twelve Crores & Sixty Lakhs only	

Foreign letter of credit, Inland Letter of Credit and Forward Contract collectively have a drawing power of Rs.1100 Cr.

BWR has essentially relied upon the audited financials up-to FY14 of Abiramee Timber Company, publicly available information and information/clarification provided by the Firm’s management.

The rating primarily reflects the performance of the Firm in FY13 & FY14. The firm is a proprietary concern located in Muthiah Puram, Tamil Nadu. It imports various kinds of timber and sells it domestically.

The Firm draws strength from experience of the management and favorable location near to port; however the rating is constrained by inherently low profitability with little scope of improvement, long operating cycle, and moderate scale of operations with restrictive growth due to trading nature of activity and geographical concentration risk with customers only in Tamil Nadu.

Background

Abiramee Timber was established in 2000 in Muthiah Puram, Tamil Nadu as a proprietary concern. The firm is favorably located in a cluster. The proprietor is a BBA Graduate and has 17 years of experience in the current line of business.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The firm trades in various kinds of timber, it 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 undertakes cutting and finishing activity and sells its end product to wholesalers, retailers and real-estate units.

Financial Performance

The Net Sales of the firm was ₹8.97 Cr in FY14. The Tangible Net worth of the firm was ₹1.62 Cr and a debt equity ratio was 1.45 times for FY14. The average days payable were 124 days; the average days receivable were 97 days and the average inventory days were 50 days in FY14.

Rating Outlook

The outlook for the Firm for the next one year is expected to be stable. Going forward the Firm's ability to improve scale of operation, increase customer base and economize operating cycle which is very long and improve profitability will remain the key rating sensitivities

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