Rating Rationale

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 11 Cr of Akshaya Traders.

Brickwork Ratings has assigned the following **Ratings**[1] to the Bank Loan Facilities of Akshaya Traders *(or the firm)*.

Facility	Limits (₹ Cr)	Tenure	Ratings
Cash Credit	**2.00**	**Long Term**	**BWR B (Outlook-Stable)**
Inland / Import LC cum Buyers Credit	**9.00**	**Short Term**	**BWR A4** (BWR A Four)
Total	**11.00**	**(INR Eleven Crores Only)**	

BWR has principally relied upon the audited results of FY13, provisional financials figures of FY14 & projections for FY14 & FY15 and information/clarifications provided by the firm's management.

The rating assigned to the bank facilities of *Akshaya Traders* factors primarily the proprietor's vast experience in the same line of business, good liquidity position and strong revenue growth for FY14. However, the rating is constrained by limited track record of operation, inherent risk of proprietorship concern, low tangible networth, intense competition and inability to derive higher margins from the trading business.

Background:
Akshaya Traders established as a proprietorship firm in 2011, promoted by Mr. P. Dhamodharan. The firm has its offices at Karaikal and Pondicherry, Tamil Nadu.

The firm is one of the group concerns of Nithya Group of companies. The firm is engaged in trading of steel scrap, waste paper and paddy husk which are majorly used as a raw material in paper and steel industry.

The firm supplies the raw material to Nithya Steel and Alloys Pvt Ltd & Nithya Packaging Pvt. Ltd, which are also group concern of Nithya Group of companies. The firm has around 15 employees working. The major raw materials are imported from Singapore, Saudi Arabia and Sri Lanka.

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

Financial Performance:

The firm's revenue from operations was ₹0.76 Cr for FY13 compared to ₹0.29 Cr in FY12. The firm reported a profit margin of 8.37% for FY13. The tangible net-worth is low at ₹0.61 Cr as on 31.3.2013.

As per the provisional results for 2013-14, the firm reported a profit after tax (PAT) of ₹0.26 Cr on net revenue of ₹13.18 Cr. The tangible net worth of the firm is ₹2.42 Cr as on 31.3.2014.

Rating Outlook:

The rating reflects the position of the firm in the segment of the industry it caters to. Going forward, meeting the projected turnover, improvements in the margin, strengthening the net worth & increase the scale of operations, will be the key rating sensitivity factors.

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