

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 10 Cr of Asiatic Enterprises.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for Bank Loan Facilities sanctioned by *The Karur Vysya Bank Ltd* to Asiatic Enterprises (*The Firm*).

Facility	Tenure	Limits (₹ Cr)	Rating
<u>Fund Based</u> <b>Cash Credit</b>	<b>Long Term</b>	<b>1.00</b>	<b>BWR BB-</b> (BWR Double B Minus)  <b>Outlook-Stable</b>
<u>Non Fund Based</u> <b>FLC</b>	<b>Short Term</b>	<b>8.00</b>	<b>BWR A4</b> (BWR A Four)
<u>Non Fund Based</u> <b>CEL</b>		<b>1.00</b>	
<b>Total</b>		<b>10.00</b>	<b>(INR Ten Crores only)</b>

BWR has principally relied upon the audited financial statements up to FY13, Projections of FY14 and FY15, publicly available information and information / clarifications provided by the management.

The rating has factored, inter alia, experience of the promoters in the line of business, growth in revenue, moderate debt protection metrics. However the rating is constrained by small scale of operations, weak financial profile as indicated by low profitability, low net- worth, high competition, low value addition and foreign currency exposure risk

#### Background:

Asiatic Enterprises is a partnership firm. It was established by Mr. Venkataraman in 1972. The firm is currently operated and managed by Mr. T.V Balaji and Mr. T.V. Satish son of Mr. T.V Venkataraman. The firm is engaged into Trading of various types of Timber & plywood such as Teak, Padouka, Tali, Merbau and cutting and sawing of logs. The firm supplies its products mainly in South India. The firm has its shop in Chennai and also has two godowns at Thenkasi and Madhavaram (Chennai).

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Management Profile:

The key management of the firm is Mr. T.V. Satish and Mr. T.V. Balaji.

Mr. T. V. Balaji, Partner is an Under Graduate. He has vast experience in this line of business. He looks after day to day operations and procurements of the firm. Mr. T.V. Satish, Partner is a Graduate and has vast experience in this line of business. He looks after day to day operations and marketing activities of the firm.

### Financial Performance:

The revenue from operations has improved to Rs18.84 Cr in FY13 from Rs16.60 Cr in FY12. The operating profit margin has improved from 3.52% in FY12 to 4.61% in FY 13. Current ratio of 1.59 in FY13 indicates adequate liquidity position.

The net worth of the firm as on 31<sup>st</sup> March 2013 stood at ₹ 2.09 Cr. The firm has moderate debt protection metrics with debt equity ratio of 0.49 X in FY13 as compared to 0.31X in FY12.

### Rating Outlook:

The outlook of the company is expected to be stable for the current year. Going forward, the movement in revenue, increase in its profitability margins, effect of foreign exchange exposure and managing of working capital will remain the key rating sensitivities.

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