



Rating Rationale

Prabakaran Wood Industries

11th October 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 9.00Cr of Prabakaran Wood Industries ('PWI' or The firm).

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous (30 Sep 2016)	Present
Fund Based Limit			Long Term	BWR B- (Outlook: Stable)	BWR B- BWR Single B Minus (Outlook: Stable) Reaffirmation
Cash Credit	2.50	3.25			
Non Fund Based Limits			Short Term	BWR A4	BWR A4 BWR A Four Reaffirmation
Foreign Letter of Credit (FLC)	5.50	5.50			
Forward Sale and Purchase Contract	0.00	0.25			
Total	8.00	9.00	INR Nine Crores Only		

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

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials upto FY16, provisional of FY17 certified by CA, publicly available information and the information/clarifications provided by the firm.



The rating draws strength from the experience of partners in the timber industry, firm's long existence in the industry, established relationship with customers & suppliers and support from the group concern. However, the ratings are constrained by small scale of operations, low tangible networth considering the years of existence, elongated conversion cycle, working capital intensive nature of business, limitation in the constitution of the firm being a partnership, expose to forex currency risk and intense competition in the industry.

Key rating drivers:

The partners of the firm are engaged in the Timber industry for more 30 years, Revenue from operation remained almost of Rs. 12.08 Crs in FY16 to Rs. 12.07 Crs in FY17 and low networth of Rs. 4.44 Crs by considering the years of existence.

Going forward, the ability of the firm to increase its scale of operations to improve profitability, improve the capital structure by infusing the fund and efficiently manage its working capital will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the business risk profile of **Prabakaran Wood Industries** 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

Prabakaran Wood Industries is a partnership firm established in the year 1989 by Mr.S.Sowndarajan, Mr. S. Prabakar and Mr.S.Suresh , who have equal holdings in the firm.The firm's office and operations were established in Thenkasi, Tamilnadu. The firm is involved in import and trading of timber. The firm procures timber mainly from Malaysia and Singapore and sells them to customers in Andhra Pradesh, Karnataka, Kerala and Tamilnadu. Group concern of the firm is Vembar Timber Agencies, which is also into the same line of activity.

Firm Financial Performance

The Firm reported a net revenue from operations of Rs. 12.00 Crores in FY15 and Rs.12.08 Crores in FY16. Based on Provisionals of FY17, operating revenue is Rs.12.07 Crs. Operating and net profit margins reported at 5.90% and 0.18% in FY16 as against 4.18% and 0.11% in FY15. As



per Provisionals of FY17, the net profit margin is 0.19% and operating profit 5.52%. Tangible networth of the firm is reported at 4.44 Crs in FY17. The firm is reported low gearing level reflected from debt equity of 1.05 X in FY17. Debt coverage indicators at satisfactory level reflected by ISCR of 1.05 times. The firm is reported to high debt reflected by total debt of Rs. 4.66 Crs in FY17.

Rating History for the last three years

Sl. No	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	30/09/16	2015	2014
1	Cash Credit	Long Term	3.25	BWR B- (Outlook: Stable)	BWR B- (Outlook: Stable)	-	-
2	Foreign Letter of Credit (FLC)	Short Term	5.50	BWR A4	BWR A4	-	-
3	Forward Sale and Purchase Contract		0.25				
Total			9.00	INR Nine Crores Only			

Hyperlink/Reference to applicable Criteria

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

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Annexure

Key Parmaters	FY15 (Audited)	FY16 (Audited)	FY17 (Prov)
Total Operating Income	12.00	12.08	12.07
EBITDA	0.50	0.71	0.67
PAT	0.01	0.02	0.02
Tangible Networkth	3.41	4.41	4.44
Total Debt:Tangible Networkth	1.27	0.89	1.05
Current Ratio	1.69	2.07	1.76

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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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