

Rating Report

Brickwork Ratings upon review reaffirms 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹.14.50 Crores of M/s Akshaya Traders.

Brickwork Ratings (BWR) has reaffirmed the following **Ratings¹** for Bank Loan Facilities of M/s Akshaya Traders (or the firm).

Facility	Previous Limits (₹ Crs)	Present Limits (₹ Crs)	Tenure	Previous Rating	Present Rating
Cash Credit	2.00	2.00	Long Term	BWR B (Pronounced BWR B) (Outlook-Stable)	BWR B (Pronounced BWR B) (Outlook-Stable) Re-affirmation
Inland / Import LC cum Buyers Credit	9.00	12.50	Short Term	BWR A4	BWR A4 Re-affirmation
Total	11.00	14.50	INR Fourteen Crores and Fifty Lakhs Only		

BWR has principally relied upon the audited results upto FY15, and information/clarifications provided by the firm's management.

The ratings consider promoter's extensive experience in the steel trading business and established relationship with the customers and suppliers. The rating is, however, constrained by Small scale of operations, high working capital intensity of Firm's business, Constitution as a Proprietorship, Presence in the highly fragmented & competitive industry and Weak financial profile marked by low profit margins, high overall gearing levels, low networth, weak coverage ratios.

Background:

M/s Akshaya Traders established as a proprietorship firm in 2011 was promoted by Mr. P. Dhamodharan. 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 has its offices at Karaikal and Pondicherry in Tamilnadu. The firm is one of the group concerns of Nithya Group of companies (M/s.Nithya Packaging Private Limited and M/s. Nithya Steels and Alloys Private Limited).

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

The firm is importing raw material from Singapore, Saudi Arabia and Sri Lanka to supply materials such as steel scrap and waste paper (Corrugated box) to Akshaya Traders group companies. The firm's 100 per cent business is derived from its own group companies.

Financial Performance:

During FY15, Firm has registered PAT of Rs.0.27 crores on a total operating income of Rs.21.77 crores as against PAT of Rs.0.15 crores on a total operating income of Rs.13.19 crore in FY14. As on 31st March 2015 Firm's Capital stood at Rs.0.52 Crs Coupled with Debt/Equity ratio of 21.82 times. Company's operating profit margin, net profit margins recorded at 1.36%, 1.24% and Current ratio stood at 1.04 times in FY15.

Rating Outlook:

Going forward, The ability of the firm to increase its scale of operations along with improvement in profit margins in light of the competitive nature of the industry, Strengthen its financial profile and manage its working capital requirement efficiently remain the key rating sensitivities.

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M/s Akshaya Traders Annexure-I

Profit and Loss Account			
Crores	31-Mar-2013	31-Mar-2014	31-Mar-2015
Result Type	Audited	Audited	Audited
Net Sales	0.76	13.19	21.77
Other Operating Income	0.00	0.00	0.00
Total Operating Income	0.76	13.19	21.77
Operating Expenses	0.70	12.60	21.47
OPBDIT	0.06	0.58	0.30
Depreciation/Amortization/Impairment	0.00	0.00	0.00
OPBIT	0.06	0.58	0.30
Interest and Finance Charges	0.00	0.43	0.78
OPBT	0.06	0.15	-0.49
Non-Operating Income(Expenses)	0.00	0.00	0.76
PBT	0.06	0.15	0.27
Provision for Taxes	0.00	0.00	0.00
PAT	0.06	0.15	0.27

M/s Akshaya Traders Annexure-II

Balance Sheet			
Crores	31-Mar-2013	31-Mar-2014	31-Mar-2015
Liabilities	Audited	Audited	Audited
EQUITY AND RESERVES	0.61	0.12	0.52
Share capital	0.55	0.12	0.25
Reserves and Surplus	0.06	0.00	0.27
Current liabilities	0.00	12.24	13.66
Short-Term Borrowings	0.00	10.15	11.42
Trade Payables	0.00	2.09	2.23
Other Current Liabilities	0.00	0.00	0.01
Total Liabilities	0.61	12.36	14.19
ASSETS			
Non-current assets	0.00	0.00	0.00
Current assets	0.61	12.36	14.19
Trade Receivables < Six Months	0.05	10.04	12.06
Cash and Cash Equivalents	0.06	1.28	1.29
Short-Term Loans and Advances	0.49	1.04	0.83
Total Assets	0.61	12.36	14.19