

July 29, 2015

Facilities	Amount (Rs. Crore)	Ratings
Overdraft	1.00	SMERA B+/Stable (Assigned)
Letter of Credit	8.00	SMERA A4 (Assigned)

SMERA has assigned a long term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned bank facilities of Sri Balaji Timber Mart (SBTM). The outlook is '**Stable**'. The ratings are constrained by the firm's modest scale of operations in an intensely competitive industry and below-average financial risk profile marked by weak interest coverage ratio. These rating weaknesses are partially offset by the extensive experience of the promoter and the firm's long track record of operations.

Outlook: Stable

SMERA expects that SBTM would continue to benefit from the promoters experience and established customer relationships. The outlook may be revised to 'Positive' if there is considerable improvement in SBTM's revenue and profitability leading to improvement in financial risk profile, particularly interest coverage ratio. Conversely, the outlook may be revised to 'Negative' if SBTM records lower cash accruals or its working capital management deteriorates leading to further weakening of the financial risk profile.

About the Firm

SBTM was incorporated in 2001 by Mr. Murugan. The firm is engaged in the business of import and wholesale trading of wooden logs.

For FY2013-14, the firm reported PAT of Rs.0.17 crore on operating income of Rs.11.06 crore as compared with PAT of Rs.0.10 crore on operating income of Rs.11.37 crore for FY2012-13.

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