

October 09, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.25 (Enhanced from Rs.4.00 crore)	SMERA B/Stable (Reaffirmed)
Letter of Credit	6.00 (Enhanced from Rs.3.00 crore)	SMERA A4 (Reaffirmed)

SMERA has reaffirmed ratings of '**SMERA B**' (read as **SMERA B**) and '**SMERA A4**' (read as **SMERA A four**) on the above mentioned bank facilities of Ambika Timber Depot (ATD). The outlook is '**Stable**'. The ratings factor in the moderate scale of operations of the firm, working capital intensive nature of business and intense competition in the highly competitive timber industry. The ratings are also constrained by the firm's exposure to supply changes, regulations on deforestation and the trade policies of timber exporting countries. However, the ratings derive comfort from the extensive experience of the promoters in the timber trading industry.

For the rating process, SMERA has consolidated the business and financial risk profiles of Sree Ashapura Saw Mill (SASM), Ambika Timber Depot (ATD), and Thrisul timber Traders (TTT) - together referred to as the Ashapura Group in view of the common ownership and operational linkages within the group.

Outlook: Stable

SMERA expects ATD to maintain a stable business risk profile over the medium term backed by the promoters' extensive experience. The outlook may be revised to 'Positive' in case of an improvement in revenue and working capital management leading to better financial flexibility. Conversely, the outlook may be revised to 'Negative' if the firm's financial risk profile deteriorates due to significant working capital requirements or in case the firm undertakes debt funded capex.

Rating Sensitivity Factors

- Ability to scale up operations while maintaining comfortable liquidity position
- Availability of timber and the government policy on import of timber

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About the Firm

ATD, established in 1982, is a Tamil Nadu-based partnership firm promoted by Mr.P.Ramesh Kumar. The firm is engaged in the trading of timber and imports round timber logs that are sawn and sized as per customer requirements. The sawing facility is at Negamam, Tamil Nadu which is in close proximity to the Tuticorin port.

ATD reported profit after tax (PAT) of Rs.0.20 crore on operating income of Rs.14.03 crore for FY2013-14, as compared with PAT of Rs.0.05 crore on operating income of Rs.5.87 crore in FY2012-13.

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