



SMERA RATINGS LIMITED

Mahalaxmi Saw Mill (MSM)

Rating Rationale

February 15, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA B/Stable (Assigned)
Letter of Credit	9.00	SMERA A4 (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) and a short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.12.00 crore bank facilities of Mahalaxmi Saw Mill (MSM). The outlook is '**Stable**'. The ratings are constrained by the firm's modest scale of business and working capital intensive operations. However, the ratings draw comfort from the extensive experience of the promoters.

Rating Sensitivity Factors

- Scaling up of operations while maintaining comfortable liquidity position
- Fluctuations in timber prices
- Regulatory risk on import of timber

Outlook: Stable

SMERA expects MSM to maintain a stable business risk profile owing to the promoters' experience. The outlook may be revised to 'Positive' if the working capital management improves leading to better financial flexibility along with increase in net worth. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile due to higher working capital requirements.

About the Firm

MSM, established in 1997 is engaged in the import and trading of timber. The firm majorly imports from Malaysia, Columbia and Latin American countries.

For FY2014-15, MSM reported profit after tax of Rs.0.06 crore on net sales of Rs.24.84 crore as compared with profit after tax of Rs.0.06 crore on net sales of Rs.23.37 crore in the previous year.

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**Rating
Rationale****Contact List:**

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