

### Mangalam Timbers: Assigned

| Name of the Instruments | Amount (Rs Crore) | Ratings/Outlook           |
|-------------------------|-------------------|---------------------------|
| Cash Credit             | 4.00              | SMERA B/Stable (Assigned) |
| Proposed                | 1.50              | SMERA B/Stable (Assigned) |
| Letter of Credit        | 2.50              | SMERA A4 (Assigned)       |

SMERA has assigned long term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the above mentioned Rs.8.00 crore bank facilities of Mangalam Timbers. The outlook is '**Stable**'.

The ratings are constrained by the modest scale of operations, moderate financial risk profile and working capital intensive business. However, the ratings draw support from the experienced management.

Mangalam Timbers commenced operations in 1995 to manufacture and trade in wooden logs and plywood. The operations are working capital intensive with delayed receivables. The firm earned revenue of Rs.8.83 crore in FY2014-15 as against Rs.10.22 crore in FY2013-14. However, the promoters have experience of two decades in the business.

#### Rating Sensitivity Factors

- Scaling up operations while maintaining comfortable liquidity
- Fluctuations in price trends of key raw material

#### Outlook-Stable

SMERA expects Mangalam Timbers to maintain a stable business risk profile backed by the extensive experience of the promoters. The financial position is expected to remain moderate over the medium term on account working capital intensive nature of business. The outlook may be revised to 'Positive' in case of improvement in the working capital (debtors) 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 firm's financial risk profile because of higher working capital requirements.

#### Criteria applied to arrive at the rating:

- Manufacturing Entities

#### About the Firm

Mangalam Timbers, established as a proprietorship firm in 1995 by Mr. Mahesh Ramji Patel is engaged in the manufacturing and trading of wood logs and plywood. The firm majorly imports timber from countries such as Tanzania, Sudan and Malaysia and sells the same in the domestic market and further exports the same to Gulf countries.

The firm reported sales of Rs.8.83 crore for FY2014-15 and profit after tax (PAT) of Rs.0.13 crore.

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**ABOUT SMERA**

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