



July 29, 2010

ICRA assigns LBB-/A4 rating for the bank lines of Patel Wood Works & Timber Mart

ICRA has assigned A4 (pronounced A four) rating to Rs. 73.00 million short term non fund based facilities of Patel Wood Works & Timber Mart (PWTM). ICRA has also assigned LBB- (pronounced L double B minus) rating to Rs. 1.00 million long term fund based facilities of PWTM[†]. The outlook assigned to the long term rating is 'Stable'.

The rating factors in PWTM's low profitability and cash accruals arising from the very limited value addition in the business and its leveraged capital structure. The ratings also take into account the intense competition with a large number of unorganized players in the business of timber trading, as well as risks associated with the availability of timber which is to an extent dependent on the trade regulations prevailing in the supplying market. The rating favorably factors in the promoters experience in timber trading business and its moderately diversified market presence across India.

Company Profile:

Incorporated in 1948, PWTM is a partnership firm. PWTM is engaged in the timber trading business and has its head office in Mumbai. PWTM has a group concern 'Ganeshprasad Impex Pvt. Ltd.' which is also engaged in the timber trading business.

PWTM recorded a net profit of Rs. 0.60 million on an operating income of Rs. 64.30 million as per the audited figures for the year ending March 31, 2009 and a net profit of Rs. 0.90 million on an operating income of Rs. 138.40 million as per provisional figures of FY 2010.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

[†] For complete rating scale and definitions, please refer ICRA's website www.icra.in or other ICRA Rating Publications.

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