

Rating Rationale

Brickwork Ratings reaffirms “BWR B’ rating for the Bank Loan Facilities aggregating ₹11.85 Crs of Amman Industries (AI)

Brickwork Ratings (BWR) has reaffirmed the following **Ratings**¹ for the Bank Loan Facilities aggregating ₹11.85 Cr. Of Amman Industries (AI or the ‘firm’)

Facility	Previous Limits (Crs)	Present Limits (Crs)	Tenure	Ratings	Rating History
<u>Fund Based</u>					
Corp Vyapar Over Draft (CVPOD)	11.85	11.85	Long Term	Reaffirmed at BWR B (Pronounced BWR B) (Outlook : Stable)	<i>BWR B (Pronounced BWR B) Outlook – Stable April 2015</i>
Total	11.85	11.85	(INR Eleven Crores and Eighty Five Lakhs Only)		

BWR has principally relied upon the audited financial results upto FY15 and information /clarifications provided by the firm.

The ratings draw strength from the extensive industry experience of the promoters’ in timber trading industry, well -established clientele and locational advantage due to firm being near to a port town enabling ease in procuring of imported timber. The ratings are, however, constrained by AI’s small scale of operations, low profitability, working capital intensive operations and vulnerability of the profit margins to volatility in timber prices/exchange rates and intense competition in the industry.

Background

Amman Industries was established on 15 July 2002 originally by Mr. Jeethendra Patel as a proprietorship concern. The firm is engaged in the import and trading of round timber logs. It also undertakes bulk orders for making wooden doors, furniture and fixtures for which recruits contract based carpenters. Its main located at Puducherry (Pondicherry) with the nearby Tuticorin port facilitating easy imports of timber.

The firm’s main products are timber logs of a variety of hardwood species like Teak, Silver Oak, Padouk, Kwila , Pyinkado, Sal etc which are imported from Myanmar, Malaysia, Indonesia, Papua New Guinea, New Zealand and other African and South American countries as well.

Financial Performance

As per audited financials of FY15, net revenues reported at Rs.61.95 Crores. Operating margin has increased to 2.78% in FY15 from 1.46% in FY14.Net Profit Margin has declined to 0.34% in FY15 from 0.43% in FY14. Tangible net worth stood at Rs.0.47 Crores.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Outlook

Going ahead, the ability of the company to increase its scale of operations and the profitability margins and strengthen the net worth would be the key rating sensitivities

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