

## Rating Rationale

### Brickwork Ratings reaffirms 'BWR B+' and 'BWR A4' for the Bank Loan Facilities of ₹ 35.10 Cr of Amrit Supply Company Private Limited

Brickwork Ratings (BWR) has reaffirmed the following **Ratings<sup>1</sup>** for the Bank Loan facilities of **₹ 35.10 Crores** of Amrit Supply Company Private Limited ('ASCPL' or 'the Company') sanctioned by Union Bank of India .

Facility	Present Amount (₹ Cr)	Previous Rating (₹ Cr)	Tenure	Present Rating	Previous Rating (May , 2014)
Fund Based : Cash Credit	<b>20.00</b>	20.00	<b>Long Term</b>	<b>Reaffirmation BWR B+ (Pronounced as BWR Single B Plus) (Outlook:Stable)</b>	BWR B+ (Pronounced as BWR Single B Plus) (Outlook:Stable)
Non-Fund Based Letter of Credit	<b>15.00</b>	15.00	<b>Short Term</b>	<b>Reaffirmation BWR A4 (Pronounced as BWR A Four)</b>	BWR A4 (Pronounced as BWR A Four)
Non-Fund Based Bank Guarantee	<b>0.10</b>	0.10			
<b>Total</b>	<b>35.10</b>	35.10	<b>INR Thirty Five Crores Ten Lakhs Only</b>		

BWR has principally relied upon the audited financial results for FY14-FY15 & provisional statement of FY16 for Amrit Supply Company Private Limited, publicly available information and information / clarifications provided by the management.

The rating continues to factor in the promoters' experience in plywood industry for around three decades, PAN India presence of the flagship Company (Mayur Plywood Industries Private Limited), moderate leverage position and strong demand from furniture manufacturers and construction companies. The rating is however constrained by relatively low scale of operations, low profitability margin, low debt protection measures, high working capital intensive nature of operations are constrained.

#### **Background:**

Mayur Veneer & Plywood Industries (MVPI) is a unit of Amrit Supply Company Private Limited which was incorporated in 1997. This has been done as the Forest License is in the name of Mayur Veneer & Plywood Industries since 14.01.1999. The Forest License is not transferrable; hence the name has to be used for purchase of timber. Further, banker has also authorized the Company to open account with the name and style of Mayur Veneer Plywood Industries. The Company (through its unit: Mayur Veneer & Plywood Industries) is engaged in the manufacturing and trading of timber, veneer and other related products. The manufacturing unit is located at Hooghly, West Bengal.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### **Management Profile:**

ASPL is a part of Mayur Group owned by More family of Kolkata, with other units in the same line of business activity. Mayur Plywood Industries Private Limited, one of the group companies owned 99.90 percent of ASPL. Mr. Prakash Kumar More, one of the key promoters has more than two decades of experience in the Plywood Industry. The key management team of the Company comprises of Mr. Deepak Kumar More and Mr. Prakash Kumar More.

### **Group Profile:**

Mayur Plywood is reportedly the No. 3 Brand in “Plywood & Allied Products” segment in the country. Mayur Brand has been awarded with “Star Brand” and “Power Brand” certifications. It has a very effective marketing network all over India through its Depots at Major cities, Sub dealers, and Retail shops and dedicated Sales force of its own.

ASPL uses the Sales Force and Distribution Channels of Mayur Plywood Industries Pvt. Ltd. Thus the Company has effectively managed to have the pan- India presence and markets its products under Brand names of “Mayur” and “Alpine”.

### **Financial Performance:**

During FY15, ASCPL has reported Net revenues from operations of ₹ 73.07 Crs and Net profit of ₹ 0.25 Crs, while the Net-worth stands at ₹ 9.76 Crs. The Company’s operating profit margin substantially improved to 4.48 per cent in FY15 from 2.56 per cent in FY14 and the net profit margin has decreased to 0.34 per cent in FY15 from 0.51 per cent in FY14. The current ratio is at 1.18 times for FY15.

On provisional basis the Company has sales revenue of ₹ 68.87 Crs in FY16.

### **Rating Outlook:**

The outlook is expected to be stable for the current year. Going forward, the Company’s ability to improve scale of operations, achieve projected sales turnover and improve profits margins, maintain total outside liabilities to optimum level and efficiently managing working capital will be the key rating sensitivities.

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