

## Press Release

### Brickwork Ratings assigns 'BWR B-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 25 Cr of Andaman Timber Company

Brickwork Ratings has assigned the following **Ratings<sup>1</sup>** to the Bank Loan Facilities aggregating ₹ 25 Cr of Andaman Timber Company:

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Cash Credit (Fund Based)</b>	<b>3.00</b>	<b>Long Term</b>	<b>BWR B-</b> (BWR B Minus) <b>(Outlook - Stable)</b>
<b>F.L.C (Non-Fund Based)</b>	<b>22.00</b>	<b>Short Term</b>	<b>BWR A4</b> (BWR A Four)
<b>Total</b>	<b>25.00</b>	<b>(INR Twenty Five Crores Only)</b>	

BWR has principally relied upon the audited results up to FY12, provisional financials for FY13 and projected financials of FY14 & FY15 and information/clarifications provided by the company's management.

The rating assigned to the bank facilities of Andaman Timber Company (ATC) is primarily constrained by its small scale of operations and weak financial profile characterized by low profitability margins, weak interest coverage indicators and stressed liquidity position. The ratings are further constrained by susceptibility of margins to the volatile foreign exchange rates, impact of changing Government policies, intense competition, risk of country-specific trade regulations and dependence on the real estate sector. The rating however takes comfort from the experienced proprietor of ATC.

Andaman Timber Company (ATC) is a proprietary concern set up in 1979 by Mr Pandian R. ATC is primarily engaged in business of importing and trading of timber logs. The timber logs are imported mainly from Myanmar, Malaysia, Indonesia, South Africa and other African countries which is subsequently sized at its saw mill unit in Pallavaram, Chennai into various commercial sizes. The firm imports various types of timber such as Selangan Batu, Kwilla, Niove, Kapur, Tali, Padauk, Merbau, South American hardwood, Burma Teak and Plantation Teak. These largely find applications in the manufacturing of furniture, plywood, doors, windows, etc. The firm sells its products mainly in Tamil Nadu and the customers of ATC include retailers and traders. ATC owns a stock point at Tuticorin, which facilitates easy imports and transportation of products.

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

During FY12, ATC reported a PAT of ₹ 0.30 Crores on a total operating income of ₹ 21.68 Crores. ATC achieved a PAT of ₹ 0.51 Crores on a total operating income of ₹ 30 Crores in FY13 (based on projected FY13 results).

The rating reflects the position and long experience of the firm in the timber trading business. Going forward, the ability of ATC to increase its scale of operations, improving its profitability margins, capital structure and managing foreign currency volatility shall be the key rating sensitivities.

<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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