

Rating Rationale

Brickwork Ratings assigns 'BWR B+' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 27.75 Cr of Arunachal Timber Traders Pvt. Ltd

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for Bank Loan facilities of Arunachal Timber Traders Private Limited ('ATTPL' or 'the company').

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based: Cash Credit	6.75	Long Term	BWR B+ (BWR B Plus) (Outlook - Stable)
Non Fund Based: Letter of Credit	21.00	Short Term	BWR A4 (BWR A Four)
Non Fund Based: Buyer's Credit-Sublimit of Letter of Credit Max 180 Days	(Max 7.50)		
Total	27.75	(INR Twenty Crores & Seventy Five Lakhs only)	

BWR has principally relied upon the audited results up to FY13, estimations for FY14 and Projections of FY15, publicly available information and information / clarifications provided by the directors of the company.

The rating has interalia, factored the track record of the company and management experience in the business for more than 30 years, strong product demand in India. However, the rating is constrained by relatively modest scale of operations, working capital intensive nature of operations and susceptibility of its operating margin to fluctuations in forex rates and weak debt protection Metris.

Background:

M/s. Arunachal Timber Traders was started as a proprietorship firm in the year 1982. The firm was incorporated and renamed as M/s. Arunachal Timber Traders Private Limited in 1998. Promoters of the company are Mr. Shashi Aggarwal and Mrs. Asha Aggarwal.

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

The company is into saw milling and trading of Timber and woods. 50 per cent of sales are from milling and other 50 per cent is from trading of timber. The company is procuring raw material of logs and timber from Canada, Germany, Latica, New Zealand and USA, which is contributing 80 per cent and 20 per cent from domestic which is from eastern part of India. The company's head office located in New Delhi; Saw milling unit in Gandhidham, Gujarat and three sales offices in New Delhi, Noida and Haryana.

Management Profile:

The key board of directors are Mr. Shashi Aggarwal and Mr. Mayur Aggarwal. Mr. Shashi Aggarwal, Managing Director is having more than 35 years of experience in timber trading business. Mr. Mayur Aggarwal is having more than 10 years of experience in the timber trading business and looking after major activities of the company. Mr. Amit Aggarwal is a director is having 2 years' experience in the timber trading business also involved in day to day operations of the company.

Financial Performance:

During FY13, the net revenues from operations increased to ₹ 40.90 Cr from ₹ 33.99 Cr in FY12. The company's operating profit margin decreased to 5.50 per cent in FY13 from 5.61 per cent in FY12 and the net profit reduced to 0.59 per cent in FY13 from 0.69 per cent in FY12. Current ratio was at 1.24 times in FY13. The tangible net-worth increased to ₹ 2.34 Cr as on FY13 from ₹ 2.10 Cr in FY12.

Rating Outlook:

The rating reflects the position of the company in Timber sector. Going forward, company's ability to scale up its operations, improve its profitability, improve cash accruals and liquidity will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.