

Rating Report

Brickwork Ratings assigns 'BWR B+' for Long Term Facilities of ₹ 20 Cr & 'BWR A4' for Short Term Facilities of ₹15.10 Cr of Amrit Supply Company Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of Amrit Supply Company Private Limited ('ASPL' or the 'Company'), availed from *Union Bank of India*:

Facility	Limits (₹Cr)	Tenure	Rating ¹
Fund Based Cash Credit Limit	20.00	Long Term	BWR B+ (BWR B Plus) Outlook: Stable
Non Fund Based Import/Inland LC Letter of Guarantee	15.00 0.10	Short Term	BWR A4 (BWR A Four)
Total	35.10	INR Thirty Five Crores & Ten Lakhs only	

BWR has principally relied upon the audited financial statements up to FY13, projected financial statements upto FY14, publicly available information and information/clarifications provided by the company's management.

The ratings reflect the experienced promoters with long track record of operations in the timber industry, PAN India presence of the flagship Company (Mayur Plywood Industries Private Limited), moderate leverage position and strong demand from furniture manufacturers and construction companies. However, the ratings are constrained by high working capital intensive nature of operations and Company's presence in the highly competitive and segmented industry.

Company Profile:

Mayur Veneer & Plywood Industries (MVPI) is a unit of Amrit Supply Company Pvt. Ltd (ASCPL), 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.

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

~~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.~~

The Company imports timber logs from the suppliers located in Singapore and for trading purpose, it procures sawn timber from local vendors. Major revenues are contributed by the trading of sawn timber which constitutes almost 75 percent of the total operating income during FY13. LC's issued in favor of sawn timber suppliers who are located locally.

The company also has an associate concern – Mayur Roller Flour Mills Pvt. Ltd engaged in the similar line of business.

Business & Operational Analysis:

1. Major Raw materials

- The company's major raw material is Timber logs.
- The company imports timber logs from the countries such as Myanmar, Vietnam, Malaysia and other timber exporting countries.
- Since, the price of these materials fluctuate on daily basis, the company doesn't have any long term rate contract.
- Every time, rates are negotiated from the suppliers depending upon the prevailing market conditions and availability of good quality of raw materials.

2. Marketing & Selling Arrangement:

- The major customers are plywood manufacturing companies.
- The company uses the marketing arrangement of Mayur Ply Industries Pvt Ltd which has a PAN India presence.
- Marketing is done through media, hoardings, pamphlets and brochures.
- The Company has a profile around 50 customers located in nearby areas.

3. Major Suppliers:

- Farlin Timber Pte Ltd, Singapore
- Natural Forest Pte Ltd, Singapore
- Lovely International Ltd, Kolkata
- Arvind Trading Co. Kolkata

Major Customers:

- Hema Enterprises
- Swadesh Plywoods Pvt. Ltd
- Parvitya Plywood Pvt. Ltd
- Dungarwal Veneers

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 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 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, 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:

Net sales increased from ₹ 65.19 Cr in FY12 to ₹ 71.58 Cr in FY13. The Company registered a profit of ₹ 0.36 Cr in FY13 against a profit of ₹ 0.31 Cr in FY12.

In FY13, inventories went up significantly due to huge orders received from customers during March 2013 which made high purchases during the said month.

ASPL has a moderate debt protection with Total Debt/Tangible Net worth of 0.74 times in FY13. Further, it is expected to increase on account of enhancement in Cash Credit Limit during FY14. The tangible net worth stood at ₹ 9.13 Cr in FY13 as compared to ₹ 8.77 Cr in FY12.

Rating Outlook

The outlook of the company is expected to be stable for the current year. Going forward, the ability of the company to sustain the growth in sales and improve its margins in a competitive market, to improve its conversion cycle ratio and manage its working capital efficiently would be the key rating sensitivities.

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Annexure I – Balance Sheet

Crores – Mayur Veneer	FY11	FY12	FY13	FY14
Liabilities	(A)	(A)	(A)	(P)
EQUITY AND RESERVES	8.46	8.77	9.13	9.63
Share capital	7.77	7.77	7.77	7.77
Reserves and Surplus	0.69	1	1.36	1.86
Non-current liabilities	1.66	1.84	1.99	2.14
Long-Term Borrowings	1.66	1.84	1.99	2.14
Current liabilities	36.91	33.14	47.37	36.55
Short-Term Borrowings	4.76	4.82	4.76	20
Trade Payables	31.47	27.67	42.03	16
Other Current Liabilities	0.26	0.25	0.32	0.25
Short-Term Provisions	0.42	0.4	0.26	0.3
Total Liabilities	47.04	43.75	58.49	48.32
ASSETS				
Non-current assets	2.75	2.84	2.66	2.4
Net Fixed assets	2.75	2.84	2.66	2.4
Current assets	44.29	40.91	55.83	45.92
Inventories	8.41	3.62	13.83	4.25
Trade Receivables < Six Months	32.03	33.28	37.45	38.5
Cash and Cash Equivalents	0.08	0.28	0.1	0.12
Short-Term Loans and Advances	3.53	3.51	4.01	2.5
Other Current Assets	0.25	0.22	0.44	0.55
Total Assets	47.04	43.75	58.49	48.32

Annexure II – Profit & Loss Account

MAYUR VENEER & PLYWOOD INDUSTRIES				
Crores	FY11	FY12	FY13	FY14
Result Type	Audited	Audited	Audited	Projected
Gross Sales	76.85	68.19	74.86	82.25
Traded Goods Sales	0.00	0.00	0.00	0.00
Excise Duty/Sales Tax	2.95	3.00	3.29	3.25
Net Sales	73.91	65.19	71.58	79.00
Other Operating Income	0.00	0.00	0.00	0.00
Total Operating Income	73.91	65.19	71.58	79.00
Operating Expenses	72.69	65.61	70.03	76.85
OPBDIT	1.22	-0.42	1.55	2.15
Depreciation/Amortization/Impairment	0.24	0.24	0.26	0.26
OPBIT	0.97	-0.65	1.29	1.89
Interest and Finance Charges	0.88	0.94	1.46	1.45
OPBT	0.10	-1.60	-0.17	0.44
Non Operating Income(Expenses)	0.24	1.91	0.53	0.06
PBT	0.34	0.31	0.36	0.50
Provision for Taxes	0.00	0.00	0.00	0.00
PAT	0.34	0.31	0.36	0.50

**Annexure III – Ratios
(as per BWR calculations)**

Key Ratios - Mayur Veneer	FY11	FY12	FY13	FY14
	Audited	Audited	Audited	Projected
Long Term Borrowings	1.66	1.84	1.99	2.14
Short Term Borrowings	4.76	4.82	4.76	20.00
Total Debt	6.43	6.66	6.75	22.14
Tangible Net Worth	8.46	8.77	9.13	9.63
Capital Employed	14.89	15.43	15.88	31.77
Total Debt/TNW	0.76	0.76	0.74	2.30
Long Term Debt/TNW	0.20	0.21	0.22	0.22
TOL/TNW	4.36	3.78	5.19	3.80
ISCR	1.39	-0.44	1.06	1.48
DSCR	1.67	1.26	1.21	1.27
Net Cash Accruals/Total Debt	0.09	0.08	0.09	0.03
Net Cash Accruals/Long Term Debt	0.35	0.30	0.31	0.36
Net Profit Margin	0.47	0.47	0.51	0.63
Operating Profit Margin	1.65	-0.64	2.17	2.72
ROCE	6.55	-4.32	8.25	7.93
Current Ratio	1.20	1.23	1.18	1.26
Days Receivables	158	183	180	175
Days Inventory	42	34	46	43
Days Payable	155	182	162	141