

Rating Report

Brickwork Ratings reaffirms “BWR B- & BWR A4” for the Bank Loan Facilities aggregating to Rs.26.05Cr of Andaman Timber Company

Brickwork Ratings has reaffirmed the **Ratings¹** for the enhanced Bank Loan facilities of Rs.26.05 Cr of Andaman Timber Company (ATC or the firm) as follows;

Facility	Previous Limits Rs.Cr	Present Limits Rs.Cr	Tenure	Previous Rating August 21 2013	Present Rating
Fund Based Cash Credit	3.00	3.50	Long Term	BWR B- (Pronounced BWR Single B Minus) Outlook: Stable	BWR B- (Pronounced BWR Single B Minus) Outlook: Stable Reaffirmation
Term Loan*	0.00	0.55			
Non-Fund Based FLC	22.00	22.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) Reaffirmation
Total	25.00	26.05	INR Twenty Six Crores and Five Lakhs Only		

*Term Loan O/S as on 28/10/2015

BWR has principally relied upon the audited financial statements up to FY15, Projections up to FY17 and publicly available information and information/clarifications provided by ATC

Andaman Timber Company’s ratings draw strength from the extensive industry experience of the promoter in the Timber processing and trading business, long track record of the operations and established customer and Supplier relationships. The rating assigned is however constrained by its small scale of operations, weak financial risk profile marked by negative operating profitability margins continuing over the years, low networth, high gearing, very poor coverage ratios, working capital intensive operations, intense competition, Proprietorship constitution of the entity, and foreign currency risks.

Background:

M/S Andaman Timber Company (ATC) is a proprietorship concern established in the year 1994. Mr. R Pandian is the Proprietor of the firm. ATC is located in Chennai, Tamil Nadu. ATC is engaged in mainly trading and processing of different types of timber Logs, timber products and sawn timber .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.

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

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..... ATC sells its products mainly in Tamil Nadu and the customers of ATC include retailers and traders.

Financial Performance:

As per the Audited financial of FY 15, ATC has reported a total operating income of Rs.33.10 crores, negative OPBDIT of Rs.2.01 crore and a PAT of Rs.0.73 crore as against a total operating income of Rs.27.79 crore, negative OPBDIT of Rs.1.66 crore and negative PAT of Rs.0.05 crore in FY14. EBITDA and PAT margins recorded at (8.31) % and 2.19 % in FY15 as against (5.98%) and (0.19%) in FY14. Proprietor's Capital stood at Rs.2.64 Crores, coupled with a D/E ratio of 2.44 times and current ratio of 1.26 times for FY 15.

Rating Outlook:

The rating outlook is expected to be stable over the current year. The ability of the firm to substantially improve its scale of operations, profitability margins, capital structure, coverage ratios and efficient management of working capital would be the key rating sensitivities.

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Annexure-I

Profit and Loss Account				
Crores	31/Mar/2012	31/Mar/2013	31/Mar/2014	31/Mar/2015
Result Type	Audited	Audited	Audited	Audited
Net Sales	21.68	31.44	27.79	33.10
Other Operating Income	0.01	0.04	0.04	0.00
Total Operating Income	21.69	31.49	27.83	33.10
Operating Expenses	23.40	33.80	29.49	35.85
OPBDIT	-1.71	-2.32	-1.66	-2.75
Depreciation/Amortization/Impairment	0.04	0.08	0.06	0.05
OPBIT	-1.75	-2.39	-1.73	-2.80
Interest and Finance Charges	0.68	0.93	1.06	1.60
OPBT	-2.44	-3.32	-2.79	-4.41
Non Operating Income(Expenses)	2.83	3.46	2.74	5.41
PBT	0.39	0.13	-0.05	1.00
Provision for Taxes	0.09	0.01	0.00	0.27
PAT	0.30	0.12	-0.05	0.73

Annexure-II

Key Ratios					
Crores		31/Mar/2012	31/Mar/2013	31/Mar/2014	31/Mar/2015
Result Type		Audited	Audited	Audited	Audited
Tangible Net Worth	Crores	0.97	0.85	1.03	2.64
Tangible Net Worth (Analyzed)	Crores	1.00	0.88	1.53	3.13
Capital Employed	Crores	4.10	3.70	10.57	9.10
Total Debt/TNW	Times	3.22	3.33	9.24	2.44
Total Debt/TNW(Analyzed)	Times	3.12	3.21	5.90	1.91
Long Term Debt/TNW	Times	1.95	1.34	3.34	1.42
TOL/TNW	Times	16.11	25.90	18.74	8.60
ISCR	Times	-2.50	-2.50	-1.57	-1.71
ISCR(Analyzed)	Times	-2.50	-2.50	-1.57	-1.71
DSCR	Times	1.50	0.94	0.87	1.14
DSCR(Analyzed)	Times	1.50	0.53	-0.04	1.14
Net Cash Accruals/Total Debt	Times	0.19	0.53	0.14	0.02
Net Cash Accruals/Long Term Debt	Times	0.31	1.31	0.39	0.04
Net Profit Margin	%	1.38	0.38	-0.19	2.19
Operating Profit Margin	%	-7.89	-7.37	-5.98	-8.31
ROCE	%	-42.77	-61.45	-24.20	-28.50
Current Ratio	Times	1.11	1.03	1.19	1.26
Current Ratio(Analyzed)	Times	1.11	1.03	1.19	1.26
Days Receivables	Days	146	136	188	158
Days Inventory	Days	58	50	57	49
Days Payable	Days	213	191	231	153
Conversion Cycle	Days	-9	-6	13	53