

## Rating Report

### 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**<sup>1</sup> for Bank Loan Facilities of Arunachal Timber Traders Pvt. Ltd. ('ATTPL' or 'the company').

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

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.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://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, Latvia, 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.

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Arunachal Timber Traders Private Limited

**Annexure-I Statement of Profit & Loss Account**

₹ Cr	FY11(A)	FY12(A)	FY13(A)
Gross Sales	14.16	33.99	40.90
<b>Net Sales</b>	<b>14.16</b>	<b>33.99</b>	<b>40.90</b>
Other Operating Income	0.08	-0.26	-0.15
<b>Total Operating Income</b>	<b>14.24</b>	<b>33.73</b>	<b>40.75</b>
<b>Operating Expenses</b>	<b>12.95</b>	<b>31.84</b>	<b>38.50</b>
<b>OPBDIT</b>	<b>1.29</b>	<b>1.89</b>	<b>2.24</b>
Depreciation/Amortization/Impairment	0.07	0.16	0.30
<b>OPBIT</b>	<b>1.22</b>	<b>1.73</b>	<b>1.95</b>
Interest and Finance Charges	1.13	1.56	1.83
<b>OPBT</b>	<b>0.10</b>	<b>0.18</b>	<b>0.11</b>
Non-Operating Income(Expenses)	0.05	0.13	0.23
<b>PBT</b>	<b>0.14</b>	<b>0.30</b>	<b>0.35</b>
Provision for Taxes	0.04	0.07	0.11
<b>PAT</b>	<b>0.10</b>	<b>0.23</b>	<b>0.24</b>

**Annexure-II Balance Sheet**

₹ Cr	FY11 (A)	FY12 (A)	FY13 (A)
<b>Liabilities</b>			
<b>Equity and Reserves</b>	<b>1.87</b>	<b>2.10</b>	<b>2.34</b>
Share capital	0.39	0.39	0.39
Reserves and Surplus	1.48	1.71	1.95
<b>Non-current liabilities</b>	<b>1.07</b>	<b>3.46</b>	<b>4.48</b>
Long-Term Borrowings	1.07	3.46	4.48
<b>Current liabilities</b>	<b>10.00</b>	<b>19.94</b>	<b>21.60</b>
Short-Term Borrowings	6.66	6.14	10.76
Trade Payables	2.76	13.32	10.37
Other Current Liabilities	0.14	0.30	0.31
Short-Term Provisions	0.44	0.18	0.16
<b>Total Liabilities</b>	<b>12.94</b>	<b>25.50</b>	<b>28.42</b>
<b>Assets</b>			
<b>Non-current assets</b>	<b>0.28</b>	<b>1.51</b>	<b>1.59</b>
Net Fixed assets	0.23	1.47	1.55
Deferred Tax Assets (Net)	0.02	0.01	0.01

Other Non-Current Assets	0.03	0.03	0.03
<b>Current assets</b>	<b>12.67</b>	<b>23.99</b>	<b>26.83</b>
Inventories	5.33	9.74	9.16
Trade Receivables < Six Months	5.22	11.63	13.81
Cash and Cash Equivalents	0.32	1.93	2.69
Short-Term Loans and Advances	1.80	0.69	1.17
<b>Total Assets</b>	<b>12.94</b>	<b>25.50</b>	<b>28.42</b>

*FY-Financial Year*

### Annexure–III Key Ratios

Key Ratios	FY11 (A)	FY12 (A)	FY13 (A)
Total Debt/ Tangible Net worth (Times)	7.74	9.60	15.24
Tangible Net Worth (In ₹ )	1.87	2.10	2.34
Net Profit Margin (Per cent)	0.70	0.69	0.59
Operating Profit Margin (Per cent)	9.07	5.61	5.50
ROCE (Per cent)	12.74	16.30	13.30
Current Ratio (Times)	1.27	1.20	1.24

*FY-Financial Year*