

Ashish Timber Depot: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	0.50	SMERA B/Stable (Assigned)
Letter Of Credit	14.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (**read as SMERA B**) on the Rs.0.50 crore (fund based) facility and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.14.00 crore (non-fund based) bank facility of Ashish Timber Depot (ATD). The outlook is '**Stable**'. The ratings are constrained by the weak financial risk profile and revenue concentration risk. However, the ratings are supported by the experienced management and long track record of operations.

ATD trades in timber logs. The firm largely generates revenue (80%) through sale of timber to its group companies - Vizag Impex Private Limited (VIPL) and BD Plywood Private Limited (BD Plywood). The weak financial risk profile of the firm is marked by high debt-to-equity ratio at 2.14 times, low interest coverage at 1.45 times and weak debt protection metrics in FY2015. The net cash accruals to total debt have been low at 0.09 times in FY2015. However, the ratings draw comfort from the extensive experience of the promoters and long track record of operations.

Rating Sensitivity Factors

- Increase in scale of operations and profit margins
- Improvement in the capital structure
- Availability of timber
- Changes in government policies

Outlook-Stable

SMERA believes that ATD will maintain a stable outlook over the medium term owing to the extensive experience of the promoters in the timber wood industry. The outlook may be revised to 'Positive' if the firm achieves more than envisaged sales and profitability while registering improvement in its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates due to restrictions on import of timber.

Criteria applied to arrive at the rating:

- Trading entities

About the Firm

ATD, established in 1990 as a proprietorship firm is engaged in the trading of timber. The firm imports timber logs from Myanmar, Indonesia and Laos and sells the same to group companies, VIPL and BD Plywood as also other local firms.

For FY2014–15, ATD reported profit after tax (PAT) of Rs.0.26 crore on total operating income of Rs.21.25 crore, as compared with PAT of Rs.0.26 crore on total operating income of Rs.24.17 crore in FY2013–14.

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ABOUT SMERA

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