

Landmark Veneers Private Limited

Instrument	Amount (Rs. in crore)	Rating Action
Cash Credit	1.50	[ICRA]BB-(Stable); Reaffirmed
Import LC cum buyer's credit	15.00	[ICRA]A4; Reaffirmed

ICRA has reaffirmed the [ICRA]BB- (pronounced ICRA double B minus) rating to the Rs. 1.50 crore¹ fund based cash credit facility of Landmark Veneers Private Limited (LVPL)². ICRA has also reaffirmed an [ICRA]A4 (pronounced ICRA A four) rating to the Rs. 15.00 crore import letter of credit facility cum buyer's credit facility of LVPL. The outlook on the long-term rating is 'stable'.

The reaffirmation of ratings continues to factor in LVPL's modest scale of operations, low profitability, highly stretched TOL/TNW reflecting high dependence on creditors and weak coverage indicators. The ratings also factors in the intense competitive pressures and availability of cheaper substitutes like domestic pine and poplar in case of core veneer. The ratings further factor in the vulnerability of profitability to adverse fluctuations in imported timber prices and exposure to currency fluctuations in the absence of a formal hedging policy. ICRA also notes that the ban on export of timber logs (Gurjan) by Myanmar government have constrained the company's ability to source the required quantity of timber.

The ratings however favourably factors in the long track record of the promoter group in the timber business which benefits in terms of marketing and cross selling activities and ease of procurement of imported timber due to proximity to Kandla port.

Company Profile

Landmark Veneers Private Limited (LVPL) was incorporated in the year 1997 by Mr. Rakesh Agarwal and other family members. The promoters have long standing experience in manufacturing of timber products, plywood and veneers through their association with other group companies. LVPL operates from its plant located at Gandhidham, with an installed capacity of manufacturing 10,000 cubic metres of veneers annually. LVPL is also engaged in trading of imported timber.

Group Profile

The Purbanchal Group (PG) is promoted by Mr. Rakesh Agarwal, Mr. Mukesh Agarwal and Mr. Omprakash Agarwal and is engaged across the value chain of timber processing i.e. trading to further manufacturing of plywood, baggase board, laminates. The facilities are located in Gandhidham, Gujarat and it has extensive experience in the industry. The group companies operating under PG are Amul Boards Pvt Ltd., Purbanchal Laminates Pvt Ltd., Landmark Veneers Pvt Ltd., Purbanchal Veneers, Purbanchal Lumbers Pvt Ltd. and Salasar Plywood Pvt Ltd., which are all headed by the same management and have common control.

Recent Results

For the year ended 31st March, 2015, LVPL reported an operating income of Rs. 36.64 crore and profit after tax of Rs. 0.21 crore. Further during current fiscal (i.e. FY16) ten months operations the company reported operating income of 21.17 crore and profit before providing for depreciation and taxes of Rs. 0.21 crore.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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