

Rating Rationale

Brickwork Ratings assigns 'BWR B-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 23.00 Cr of AAA Paper Marketing Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of AAA Paper Marketing Ltd (*or the 'Company'*):

Facility	Limits (₹ Cr)	Tenure	Rating ¹
Fund Based Cash Credit	23.00	Long Term	BWR B - (Pronounced as BWR Single B Minus) Outlook - Stable
Non-Fund Based ILC/FLC*	(12.00)	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	23.00	(INR Twenty Three Crores only)	

*Inland Letter of Credit (ILC)/FLC of Rs. 12.00 Cr. is a sub-limit of Cash Credit Limit

BWR has principally relied upon the audited financial statements upto FY14, projected financials up to FY16, publicly available information and information/clarifications provided by the company's management.

The ratings reflect the experienced management and the established track record of the company in the paper trading business. The ratings are, however, constrained by the low value additive nature of operations, intensely competitive industry, working capital intensive operations leading to full utilization of bank facilities, low profitability, stretched liquidity and exposure to risks emanating from price movements of traded products and foreign exchange fluctuations of imported raw materials.

Background:

AAA Paper Marketing Ltd was incorporated in June 1995 in New Delhi. The Company is engaged in the trading of imported and indigenous waste paper. The Company purchases waste paper from different agents located in Delhi. It also imports special waste paper from countries such as US, China, UK, Middle East etc. The Company sells directly to some paper mills & other local vendors located mainly in Delhi NCR Region, Uttar Pradesh and nearby areas. The major customer of the company is M/s Rama Paper Mills Ltd which contributes more than 45 % of its total sales generated during FY14. Other customers are Lalit Trading Co, Mitthan Lal Marketing Ltd, Shree Ganik Papers Pvt. Ltd etc.

Management Profile:

AAA Paper Marketing Ltd is a family owned business. The key promoter is Mr. Apurve Goel who manages its overall operations.

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

Financial Performance:

Net Sales increased by around 28% from ₹ 86.59 Cr in FY13 to ₹ 111.19 Cr in FY14. The company has reported PAT of ₹0.31 Cr in FY14 as against ₹0.27 Cr in FY13. Tangible net worth stood at ₹45.63 Cr as on March 31 2014 as compared to ₹45.31 Cr as on March 31, 2013.

Rating Outlook

The outlook is expected to be stable over the current year. Going forward the ability of the Company to honour its debt obligations on time, manage its working capital efficiently, improve its financial risk profile and liquidity, ensure better realizations and sustain its revenue growth would be the key rating sensitivities.

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