

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' for Bank Loan Facilities of Ananya Wood Pvt. Ltd

Brickwork Ratings has assigned the following **Ratings**<sup>1</sup> to Bank Loan facilities amounting to ₹ 34.63 Cr of Ananya Wood Pvt. Ltd. (*AWPL or the 'Company'*).

Facility	Limits (₹ Cr)	Tenure	Ratings
<b>Fund Based:</b> Cash Credit	<b>10.00</b>	<b>Long Term</b>	<b>BWR BB+</b> (Pronounced BWR Double B Plus ) <b>(Outlook : Stable)</b>
<b>Non Fund Based:</b> LC Derivative/FC/CEL	<b>24.00</b> <b>0.63</b>	<b>Short Term</b>	<b>BWR A4+</b> (Pronounced BWR A Four Plus)
<b>Total</b>	<b>34.63</b>	<b>(INR Thirty Four Crores and Sixty Three Lakhs Only)</b>	

BWR has relied upon the audited results of the Company for three years up to FY13, Provisional financials for FY14 and projected financials up to FY16, information/clarification provided by the Company and available from public sources.

The ratings assigned to the bank facilities of *Ananya Wood Private Ltd* factors primarily the consistent growth registered in turnover, moderate net worth, experience of the promoters in the line of business, established relationship with its suppliers and customers and low gearing level. However, the rating is constrained by low profitability margins inherent to trading, exposure of foreign currency fluctuation risk and high level of competition from other players.

### Background

Kolkata based *Ananya Wood Pvt. Limited (AWPL)* was incorporated in 2000 by its main promoter, Mr. Pawan Kumar Rajgaria. The Company is engaged in trading of timber and manufacturing of sawn timber. The Company imports timber from Malaysia, Myanmar, New Zealand, Nigeria etc. sizes it and sells it domestically. Apart from AWPL, Rajgaria group has another company namely: Rajgaria Timber Pvt. Ltd share a common management team, and operate in similar lines of business.

The Company has established itself as a well- known dealer in the timber trading industry in Eastern India. Strong dealer and customer relationships help AWPL bag regular orders.

### Management Profile

AWPL is a closely held Pvt. Ltd Company. The promoters have experience of almost three decades in the timber and plywood industry. Mr. Pawan Kumar Rajgaria and his wife both are promoter Directors of the Company.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

## Business Operations

AWPL is in the business of trading of timber and is operating in West Bengal, Bihar Jharkhand and Orissa and UP, Andhra Pradesh and Rajasthan through its dealer network and brokers. The Company imports Timber Logs and Sawn Timber from countries as: Malaysia, Myanmar, New Zealand, Nigeria etc. During FY'14 the import accounted for 65%. Domestically, it procures mostly from traders or importers in West Bengal on bulk basis.

## Financial Performance

For FY'13 the Company has reported turnover to the tune of ₹131.24 Crores as against ₹108.41 Crs in FY'12 registering a 21% growth; however, due to dollar price volatility AWPL had a forex loss which led the company for a net loss of ₹ 1.66 Crs during the year FY13. In FY14 also company had a forex loss. Profit margin in trading business is small, and the Company's PAT for FY'14 was around ₹0.52 Crs. The Company does not have any term loan borrowing. The Debt: Equity ratio continued to be satisfactory at 0.37 times in FY'13. Receivables are comfortable at 47 days.

The liquidity profile of AWPL was comfortable in FY'13 marked by moderate current ratio and the working capital. As per the provisional financials, for FY14, AWPL has reported turnover of ₹141.99 Crs.

## Rating Outlook

Being in the trading industry, the prospects of AWPL would depend upon its ability to cope up with the changing market scenario. The ability of AWPL to profitably scale up its operations in the light of intense competition, manage foreign currency exposure, further improve margins and efficiently manage its working capital will be the key rating sensitivities.

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