

## Rating Rationale

### Brickwork Ratings reaffirms 'BWR B+' and 'BWR A4' Ratings for Bank Loan facilities aggregating to ₹ 8 Cr of Dynasty Traders Private Limited.

Brickwork Ratings (BWR) has reaffirmed the **Rating<sup>1</sup>** for Bank Loan facilities of Dynasty Traders Private Limited (DTPL or 'the Company') *as follows* :

Facility	Amount in Crores		Tenure	Present Rating	Previous Rating
	Previous Limits	Proposed Limits			
<b>Fund Based</b>					
Cash Credit	<b>(3.00)</b>	<b>(1.00)*</b>	<b>Long Term</b>	<b>Reaffirmed at BWR B+</b> (Pronounced BWR B Plus) <b>Outlook: Stable</b>	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (July 2014)
<b>Non Fund Based</b>					
Import LCs	<b>16.50</b>	<b>8.00</b>	<b>Short Term</b>	<b>Reaffirmed at BWR A4</b> (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four)
Inland/Foreign Guarantees	<b>0.10</b>	<b>(0.10)*</b>			
<b>Total</b>	<b>16.60</b>	<b>8.00#</b>	<b>INR Eight Crores only</b>		

#The Company has proposed Bank of Baroda to reduce its existing credit facilities from Rs. 16.60 Crores to Rs. 8.00 Crores.

\*Proposed Cash Credit of Rs. 1.00 Crore and proposed Inland/Foreign Guarantees of Rs. 0.10 Crore are sublimit under LC.

BWR has principally relied upon the audited financial results up to FY15, Projections for FY16 and FY17, publicly available information and information/clarification provided by the Company.

The ratings continue to draw strength from the extensive experience of the promoters in the timber trading business and established customer base. The Rating is, however, constrained by its presence in the highly competitive and fragmented industry, susceptibility of its margins to the volatility in the foreign exchange rates and weak financial risk profile marked by its small scale of operation and low profitability.

### Company Profile:

Dynasty Traders Pvt Ltd was incorporated in October 1991 by Mr. Pijush Kanti Roy and Mr. Mithilesh Kumar Jha, as a finance company. In 1997, the present promoter Mr. Damodar Padia

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

acquired the company from Mr. Pijush Kanti Roy & Mr. Mithilesh Kumar Jha and shifted to processing and trading of timber. The Company is engaged in the import of round timber logs which is subsequently sawn and sized at its saw mill into various commercial sizes as per the requirement of its customers. Its main facilities (3 saw mills) are located at Gandhidham in the Kutch District of Gujarat (covering 3 acres of land), near to the Kandla port for facilitating easy imports of timber. The Company also trades in plastic granules, however, the trading volume has witnessed a declining trend.

### Promoter Details:

The main promoter of the Company, Mr. Damodar Padia, has vast experience of around 4 decades in the timber trading business. Other key personnel are Mrs. Bimala Devi Padia and Mr. Ajit Padia, who are responsible for day to day affairs of the company.

### Financial Performance:

The Total Operating Income of the Company decreased to ₹15.12 Crores in FY15 from ₹23.66 Crores in FY14. As of Mar 31, 2015, tangible net worth of the Company stood at ₹2.82 Crores.

Further, as per provisional information provided by the Company's management, the Company has achieved a turnover of Rs 10.72 Crores till Dec'15.

### Rating Outlook:

Going forward, the ability of the company to improve its scale of operations and profitability and prudent working capital cycle management will be the key rating sensitivities.

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