

## Rating Rationale

**Brickwork Ratings has reaffirmed BWR BBB- (Outlook: Stable) the rating for the long term Bank Loan facilities ₹12.00 Cr for Prakash Ply Exim Private Limited and A3 for the short term facility of ₹ 8.00 Cr**

Brickwork Ratings has reaffirmed the **Ratings<sup>1</sup>** of **Prakash Ply Exim Private Limited's** (PPEPL or the 'Company') fund based long term bank loan facilities at **BWR BBB- (Outlook: Stable)** and at **A3** for the short term facilities sanctioned by State Bank of India .

Facility	Present Amount (₹ Cr)	Previous Amount (₹ Cr)	Tenure	Present Rating	Previous Rating (Dated: Feb 2015)
Cash Credit	12.00	12.00	Long Term	Reaffirmed BWR BBB- (Pronounced BWR Triple B Minus) (Outlook – Stable)	BWR BBB- (Pronounced Triple B Minus) (Outlook – Stable)
Letter of Credit	8.00	8.00	Short Term	Reaffirmed BWR A3 (Pronounced BWR A Three)	BWR A3
<b>Total</b>	<b>20.00</b>	20.00	<b>(INR Twenty Crores Only)</b>		

BWR has principally relied upon the audited results up to FY15, provisional statement for FY16 and projected financials of FY17, publicly available information and information/clarifications provided by the Company's management.

The rating factors, inter alia, the group's combined financial and operating performance marked by low gearing, over two decades of experience of the promoters, long-standing customer relationship, adequate coverage ratio & liquidity position and moderate financial position. However, the rating is constrained by relatively modest scale of operations, low profitability margin; volatility associated with raw material prices and cyclical nature of the industry along with increasing competition.

### **Background:**

Prakash Ply Exim Private Limited (PPEPL) was incorporated on 2005. The Company was promoted by Mr. Satya Prakash Pandey along with his brothers. PPEPL is into trading of timber, sawn timber, plywood, core veneer and block board and The Company is located in Kolkata, West Bengal.

The Company has well diversified network and recognized relationship with dealers and customers. PPEPL sells its products in West Bengal only through its dealer network of around 150.

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

### **Management Profile:**

PPCPL is a family owned company. All the promoters have an experience of almost two decades in the same line of business of plywood and timber products through the company. Mr. Satya Prakash Pandey and Mr. Ram Prakash Pandey are directors.

### **Financial Performance:**

The Company has achieved net sales of ₹104.52 Crs in FY15 against ₹130.57 Crs in FY14. PAT was ₹1.04 Crs with a satisfactory net worth of ₹21.11 Crs during FY15. The gearing ratio was at 0.60x in FY15.

As per provisional statements furnished to us, the Company had revenue of ₹ 107.28 Crs (approximately) for FY16.

### **Rating Outlook:**

The rating reflects the position of the Company in the plywood industry. Going forward, the Company's ability to improve scale of operation & profit margin, manage susceptibility of raw material and volatile prices while managing its working capital efficiently will be the key rating sensitivities. The outlook for the Company is expected to be stable over the next one year.

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