

Rating Rationale

Brickwork Ratings upgrades the rating of Bank Loan Facilities of Prakash Ply Exim Pvt. Ltd. amounting to ₹ 20.00 Cr to ‘BWR BBB-’ & ‘BWR A3’.

Brickwork Ratings has upgraded the **Ratings¹** of the Bank Loan facilities amounting to ₹ 20.00 Cr of Prakash Ply Exim Pvt. Ltd. (**PPEPL or the ‘Company’**)

Facility*	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Ratings	Present Ratings
Fund Based: Cash Credit	12.00	12.00	Long Term	BWR BB (Pronounced BWR Double B) (Outlook : Stable)	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook : Stable)
Non Fund Based: Letter of Credit	8.00	8.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A3 (Pronounced BWR A Three)
Total	20.00	20.00	(INR Twenty Crores only)		

BWR has relied upon the audited results of the Company for three years up to FY14, projected financials up to FY15, information/clarification provided by the Company and available from public sources.

The ratings assigned to the bank facilities of *Prakash Ply Exim Pvt. Ltd.* factors primarily the group’s combined financial and operating performance marked by low gearing, regular capital infusion, strong interest servicing capacity and consistent growth registered in turnover. The rating also factors; PPEPL’s established relationship with its suppliers and customers, regular order flows and initiatives for export. However, the rating is constrained by low profitability margins inherent to trading and high level of competition from other players.

Background

Kolkata based *Prakash Ply Exim Private Limited (PPEPL)* was incorporated on March 31, 2005. The Company was promoted by Mr. Satya Prakash Pandey along with his brother Mr. Ram Prakash Pandey. The Company is engaged in trading of timber and plywood. Prakash Ply Centre Pvt. Ltd. is another Group company operating under the same management.

The Company has established itself as a well-known dealer in the plywood and veneer trading industry in Eastern India. Strong dealer and customer relationships helps PPEPL bags regular orders from its customers thereby leading to strong year on year growth in revenue. Over the years PPEPL has retained reputed customers portfolio and dealers like Tree House Education, Jai Salasar Balaji Plywood, S.B.Traders, Swadesh Plywoods Pvt. Ltd, Shree Krishna Timber Co Pvt. Ltd, and Om Plywoods Pvt. Ltd etc.

PPEPL is a trading concern and it sells its products in West Bengal through its dealer network of around 150 dealers and a marketing team of 16 members to cater to the needs of its dealers. It

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

procures mostly from traders or importers in North Bengal on bulk basis. The Company is also importing some products from countries as: Vietnam, Singapore, Burma and Malaysia.

Management Profile

PPEPL is a closely held Pvt. Ltd Company. The promoters have experience of over three decades in the timber and plywood industry through its associate companies. Mr. Satya Prakash Pandey is the Managing Director and his brother Mr. Ram Prakash Pandey is also a Director of the Company. The shareholding rests fully with the promoters with promoters' direct holding at 1%, the Associate Companies holding 94% and Friends and relatives of promoter holding the remaining 5%.

Financial Performance

PPEPL is the flagship Company of Prakash Group. The group currently has a turnover of ₹ 243 Crs and PAT of ₹2.54 Crs. Their combined Net Worth is over ₹48 Crs. Additionally; promoters have brought in unsecured loans during FY15 to the tune of ₹8.50 Crs . There are no long term liabilities for the company. For FY14 PPEPL has recorded a turnover of ₹ 130.96 Crs against ₹122.98 Crores during FY'13. Profit margin in trading business is small, and the Company's PAT was around ₹1.31 Crs. The Net worth as on FY14 was ₹21.56 Crs, the Debt: Equity ratio continued to be satisfactory. Days receivables are less than 90 days. However, the company enjoys 60 days credit period generally procuring from various suppliers.

As on December, 2014 the Company achieved a turnover of ₹92 Crs which is in line with the projected revenue.

Rating Outlook

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

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