

Rating Report

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

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

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

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.

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

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.

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.

The summarized financials are presented in Annexures

Credit Risk Assessment:

AWPL's financial risk profile is marked by low profitability margin coupled with low cash accruals and moderate current ratio. Further Company does not follow hedging policy which caused forex losses in the last couple of years.

However; with the promoters' experience, group companies business same line of activities, long term customers and suppliers' relationship and comfortable net worth will give a boost company's profitability margin as well as growth.

From FY'14-15 AWPL proposes to utilize a suitable hedging policy for the import of raw materials.

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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Ananya Wood Pvt. Ltd

Balance Sheet

Annexure: I

Balance Sheet				
₹ in Crores	Mar'11	Mar'12	Mar'13	Mar'14
Liabilities	Audited	Audited	Audited	Provisional
EQUITY AND RESERVES	12.12	20.01	22.42	22.94
Share capital	1.31	1.54	1.87	1.87
Share Application money Pending allotment	2.25	0.00	0.00	0.00
Reserves and Surplus	8.56	18.48	20.56	21.08
Non-current liabilities	0.03	0.04	0.04	0.04
Deferred tax Liabilities (Net)	0.03	0.04	0.04	0.04
Current liabilities	18.95	29.50	51.27	63.81
Short-Term Borrowings	11.65	4.01	8.27	9.57
Trade Payables	6.92	24.77	42.43	51.94
Other Current Liabilities	0.03	0.00	0.00	0.00
Short-Term Provisions	0.35	0.72	0.58	2.30
Total Liabilities	31.10	49.56	73.74	86.79
ASSETS				
Non-current assets	1.62	3.59	3.57	3.40
Net Fixed assets	1.62	3.59	3.57	3.40
Current assets	29.48	45.96	70.17	83.39
Inventories	18.33	29.73	48.99	59.99
Trade Receivables > Six Months	0.74	0.45	1.52	0.00
Trade Receivables < Six Months	7.86	13.84	18.10	19.67
Cash and Cash Equivalents	0.11	0.22	0.05	0.84
Short-Term Loans and Advances	2.44	1.72	1.50	2.89
Total Assets	31.10	49.56	73.74	86.79

Ananya Wood Pvt. Ltd

Income Statement

Annexure: II

Profit and Loss Account				
₹ in Crores	Mar'11	Mar'12	Mar'13	Mar'14
Result Type	Audited	Audited	Audited	Provisional
Gross Sales	76.96	108.41	131.24	141.99
Net Sales	76.96	108.41	131.24	141.99
Total Operating Income	76.96	108.41	131.24	141.99
Operating Expenses	75.47	105.76	128.47	137.47
OPBDIT	1.49	2.66	2.77	4.52
Depreciation/Amortization/Impairment	0.06	0.08	0.15	0.17
OPBIT	1.43	2.58	2.62	4.35
Interest and Finance Charges	0.65	1.81	1.99	1.71
OPBT	0.78	0.77	0.63	2.63
Non -Operating Income(Expenses)	0.06	0.44	-2.28	-1.99
PBT	0.84	1.20	-1.65	0.64
Provision for Taxes	0.25	0.31	0.01	0.12
PAT	0.59	0.90	-1.66	0.52

Annexure: III: Ratio Analysis (As per BWR Calculation)

Particulars	FY'11 Audited	FY'12 Audited	FY'13 Audited	FY'14 Provisional
Total Debt	11.65	4.01	8.27	9.57
Tangible Net Worth	12.12	20.01	22.42	22.94
Capital Employed	23.80	24.07	30.73	32.55
Total Debt/TNW	0.96	0.20	0.37	0.42
TOL/TNW	1.57	1.48	2.29	2.78
ISCR	2.29	1.47	1.39	2.64
DSCR	2.00	1.54	0.24	1.40
Net Cash Accruals/Total Debt	0.06	0.25	0.15	0.34
Net Profit Margin	0.77	0.83	-1.27	0.37
Operating Profit Margin	1.94	2.45	2.11	3.18
ROCE	6.01	10.76	9.55	13.74
Current Ratio	1.56	1.56	1.37	1.31
Days Receivables	41	39	47	51
Days Inventory	89	83	112	145
Days Payable	31	50	83	117
Conversion Cycle	99	72	76	79