



SMERA RATINGS LIMITED

## Ajantha Wood Suppliers (AWS)

*Rating  
Rationale***February 02, 2015**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	3.50	SMERA B+/ Stable (Assigned)
Cash Credit (proposed)	16.50	SMERA B+/ Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA single B plus**) to the abovementioned bank facilities of Ajantha Wood Suppliers (AWS). The outlook is '**Stable**'. The rating is supported by the firm's experienced management, strong revenue growth and reputed clientele. However, the rating is constrained by the firm's high gearing. The rating is also constrained by the firm's exposure to intense competitive pressure.

AWS, established in 2010, is a Karnataka-based partnership firm engaged in trading of wood pulp. AWS benefits from its experienced management. The partners of the firm have around 15 years of experience in timber industry. AWS's revenues have grown at a strong compound annual growth rate (CAGR) of ~92 per cent over the past three years. The firm caters to several reputed customers such as ITC Ltd., Bilt Ballaresha and Andhra Pradesh Paper Mill.

AWS's gearing (debt-to-capital ratio) is high at 4.58 times as on March 31, 2014. The firm operates in an intensely competitive segment of the paper industry.

### **Outlook: Stable**

SMERA believes AWS will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers sustained improvement in profit margins and financial risk profile while maintaining strong revenue growth. The outlook may be revised to 'Negative' in case of significant decline in the firm's revenues or profit margins, or in case of deterioration in the firm's capital structure on account of higher-than-expected debt-funded working capital requirements.

### **About the firm**

AWS, established in 2010, is a Karnataka-based partnership firm promoted by Mr. Ayaz Pasha and Mrs. Ayesha Tabussum. AWS undertakes trading of wood pulp.

For FY2013-14, AWS reported profit after tax (PAT) of Rs.0.29 crore on operating income of Rs.38.62 crore, as compared with PAT of Rs.0.04 crore on operating income of Rs.16.63 crore in FY2012-13. The firm's net worth stood at Rs.0.65 crore as on March 31, 2014, as compared with Rs.0.35 crore a year earlier.

***Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*



SMERA RATINGS LIMITED

## Ajantha Wood Suppliers (AWS)

*Rating  
Rationale*

### Contact List

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.