

August 12, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>4.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Letter of Credit</b>	<b>21.00</b>	<b>SMERA A4+ (Assigned)</b>
<b>Proposed Cash Credit</b>	<b>0.20</b>	<b>SMERA BB/Stable (Assigned)</b>

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.25.20 crore bank facilities of Kaithal Timbers Private Limited (KTPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management and healthy financial risk profile. However, the ratings are constrained by the company's exposure to intense competitive pressure and exposure to foreign exchange fluctuation risk.

### Outlook: Stable

SMERA believes KTPL will maintain its healthy business risk profile in the medium term on the back of established operations and long standing industry experience of the promoters. The outlook may be revised to 'Positive' in case of significant improvement in profitability and accruals. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in profitability and accruals.

### Rating sensitivity factors

- Managing incremental working capital
- Losses due to foreign exchange fluctuation
- Debt funded capex

### About the Company

KTPL a Karnal-based company established in 2006 by Mr. Pramod Bansal and Mr. Mohinder Bansal. The company is engaged in trading and sawing of timber logs at its facility at Karnal, Haryana.

For FY2013-14, KTPL reported profit after tax (PAT) of Rs.0.35 crore on net sales of Rs.95.69 crore, as compared with PAT of Rs.0.30 crore on net sales of Rs.80.01 crore for FY 2012-13. The company's net worth stood at Rs.8.03 crore as on March 31, 2014, as compared with Rs.6.62 crore a year earlier.

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