



## Kachchh Veneers Private Limited

Instrument	Amount Rated	Rating Action
Cash Credit	(Rs. 2.00 crore)*	[ICRA]B+ reaffirmed
Letter of Credit	Rs 17.00 crore (enhanced from Rs. 12.00 crore)	[ICRA]A4 reaffirmed

\* Sublimit of letter of credit

ICRA has reaffirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) to the Rs. 2.00 crore cash credit facility (sublimit of letter of credit) of Kachchh Veneers Private Limited (KVPL)<sup>†</sup>. ICRA has also reaffirmed the short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 17.00 crore (enhanced from Rs. 12.00 crore) letter of credit facility of KVPL.

### Rating Rationale

The reaffirmation of the ratings factors in the modest scale of the company's operations with low profitability and return indicators on account of low value addition nature of business. The ratings also factor in the highly competitive business environment on account of the fragmented industry structure and low entry barriers for new players. The ratings are further constrained by the vulnerability of profitability to adverse fluctuations in imported timber prices and exposure to currency fluctuations in the absence of a formal hedging policy.

The ratings, however, favourably factor in the long track record of the promoter group in the timber business coupled with the group presence across the timber value chain which benefits in terms of marketing and cross selling activities. The ratings also take into consideration the location advantage arising due to the presence of the manufacturing facility in close proximity to Kandla port. The ratings also factor in the moderate growth in the operating income of the company in FY 2014.

### Company Profile

Kachchh Veneers Private Limited (KVPL) was incorporated in 1997 and is engaged in the business of manufacturing veneer, plywood, block board, flush door etc and trading of timber. The company is based out of Gandhidham (Kutch District of Gujarat), near to the Kandla port. The company is part of the "Goyal Group" who have a long standing experience in manufacture of timber products, plywood and veneers. The other entities operating under the "Goyal Group" includes, Lohit Boards & Panels Private Limited, Dolby Plyboards Private Limited, Prestige Veneers Private Limited, Goyal Timber Trades, Cha India Private Limited, and Loang Tong Tea Company.

### Recent Results

During FY 2015 (provisional financials), KVPL reported an operating income of Rs. 30.25 crore and profit before tax of Rs. 0.42 crore as against an operating income of Rs. 28.92 crore and profit after tax of Rs. 0.23 crore during FY 2014.

**April 2015**

*For further details, please contact:*

#### Analyst Contacts:

**Mr. Subrata Ray** (Tel. No. +91 22 30470050)  
subrata@icraindia.com

#### Relationship Contacts:

**Mr. L. Shivakumar**, (Tel. No. +91-22-2433 1084)  
shivakumar@icraindia.com

\* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



© Copyright, 2015, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: **9871221122**

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: **9821086490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-  
79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500