Kushal Timber Private Limited

September 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	6.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	41.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Kushal Timber Private Limited (KTPL) to monitor the rating vide e-mail communications dated August 26, 2025, September 02, 2025, September 08,2025, September 10, 2025 and September 12, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on KTPL's bank facilities will now be denoted as '**CARE BB; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING.**

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Kushal Timber Private Limited (KTPL) have been revised on account of non-availability of requisite information. The ratings remained constrained on account of its modest scale of operations, low profitability margins, leveraged capital structure with weak coverage indicators and working capital intensive nature of operations during FY24 (Audited refers to the period from April 01 to March 31). The ratings, further, remained constrained due to foreign exchange fluctuation risk and presence in a highly competitive nature of industry.
The ratings, however, derives strength account location advantage, experienced management coupled with long track record of operations.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on September 04, 2024 the following were the rating strengths and weaknesses.

Key weaknesses

Modest scale of operations

The total operating income (TOI) of the company remain modest but moderated by 3.81% in FY24 (April 1,2023 to March 31,2024). The moderation in income from operations can be attributed to closure of Jammu unit in FY24 leading decline in scale of operations. The modest scale limits the company's financial flexibility in times of stress and deprives it of scale benefits. Further, the company has achieved sales of Rs. 40.00 crores in 4MFY25 (April 1,2024 to July 31,2024).

Low profitability margins

The profitability margins of the company remained low as marked by PBILDT margin of 2.20% in FY24 as against 2.38% in FY23 on account of limited value addition coupled with mainly trading nature of business. However, PAT improved by 15 bps on account of increase in other non-operating incomes to Rs. 1.13 crores in FY24.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Leveraged capital structure and weak coverage indicators

The capital structure of the company stood leveraged as marked by overall gearing ratio stood at 2.22x as on March 31, 2024 on account of on account of company's low LC utilisation on balance sheet date. Further, owing to low profitability margins and high debt levels, the debt coverage indicators of the company stood weak marked by Interest coverage ratio and total debt to Gross cash accruals stood at 1.23x and 22.62x respectively in FY24 as against 1.61 and 48.66x respectively in FY23.

Working Capital Intensive Nature of Operations

The operations of the company remain working capital intensive in nature as marked by elongated debtors and creditors period leading to operating cycle of 22 days in FY24. The company is required to maintain adequate inventory of traded goods of around 1-2 months on account of high lead time for procurement and to cater the immediate demands of its customers. Further, being in a highly competitive business, the company has to give extended credit period of around 40-50 days. The company had high payable period due to high proportion of LC-backed creditors since the company purchases mainly through imports backed by LC (normally up to 180 days). The high working capital requirements were met largely through bank borrowings which resulted in almost full utilization of its non-fund-based limits during past 12 month's period ending July, 2024. For the past 12 months period ending July 2024, utilization of working capital limits remained at around 60%-70%.

Foreign exchange fluctuation risk

KTPL meets ~95% in FY24 of its procurement through imports from countries such as Australia, Russia, New Zealand and Germany, etc. However, finished goods are completely sold in the domestic market. With initial cash outlay for procurement in foreign currency and inflows in domestic currency, the company is exposed to the fluctuation in foreign exchange rates. However, the company does not have any policy to hedge its foreign currency payable. The risk is more evident now that the rupee has registered considerable volatility and could leave the company carrying costly inventory in case of sudden appreciation.

Presence in a highly competitive nature of industry

Timber trading business is characterized by high volumes and low margins. The timber trading sector is highly competitive, comprising a large number of players in the organized segment as a result of low entry barriers. This results in intense competition which has a cascading effect on the player's margins.

Key strengths

Location advantage

The company has factory in Gandhi Dham, Gujarat to process the timber logs. Proximity of the company's factory to the port of Kandla reduces the logistics issues associated with wood, which is a bulky commodity and also offers the advantage of lower freight costs.

Experienced management coupled with long track record of operations

KTPL is a family run business. It is promoted by its directors Mr. Anant Ram Aggarwal, Mr. Kushal Aggarwal and Mrs. Manju Garg. The promoters collectively look after the overall operations of the company. Mr. Anant Ram Aggarwal is graduate and has accumulated vast experience of more than two decades in trading and processing industry. Mr. Kushal Aggarwal is graduate and holds experience of around half a decade in trading and processing industry. The company is having a considerable track record in this business which has resulted in long term relationships with both suppliers and customers.

Applicable Criteria

CARE Ratings' criteria on information adequacy risk and issuer non-cooperation
Policy on default recognition
Rating Outlook and Credit Watch
Financial Ratios – Non financial Sector
Short Term Instruments
Wholesale Trading

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Plywood Boards/ Laminates

Delhi based Kushal Timber Private Limited (KTPL) was incorporated in 2003. The company is engaged into import, processing and trading of Wooden Timber Logs. The company imports ~90% of its raw material. For the rest ~10%, local purchases are done. Import is done mainly from Australia, Russia, New Zealand and Germany. Processing facilities (factory) of the company is situated in Gandhi Dham, Gujarat (India).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	4MFY25 (UA)
Total operating income	131.05	126.08	40.00
PBILDT	3.12	2.77	NA
PAT	0.86	1.02	NA
Overall gearing (times)	4.19	2.22	NA
Interest coverage (times)	1.61	1.23	NA

A: Audited; UA; Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork has continued the rating assigned to the bank facilities of KTPL into Issuer Not Cooperating category vide press release dated April 17, 2025 on account of its inability to carry out a review in the absence of requisite information.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	6.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	41.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	6.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (04-Sep-24) 2)CARE BB; Stable; ISSUER NOT COOPERATING* (29-May-24)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (23-Mar-23)
2	Non-fund-based - ST-Letter of credit	ST	41.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (04-Sep-24) 2)CARE A4; ISSUER NOT COOPERATING* (29-May-24)	-	1)CARE A4+; ISSUER NOT COOPERATING* (23-Mar-23)

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
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