

June 05, 2015

| Facilities      | Amount<br>(Rs. Crore) | Ratings                     |
|-----------------|-----------------------|-----------------------------|
| Term Loan       | 13.20                 | SMERA B+/ Stable (Assigned) |
| Cash Credit     | 4.40                  | SMERA B+/ Stable (Assigned) |
| Bank Guarantee# | 0.50                  | SMERA A4 (Assigned)         |

#Includes Letter of Credit as a sublimit to the extent of Rs.0.50 crore

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) to the Rs.17.60 crore fund based bank facilities and '**SMERA A4**' (read as **SMERA A four**) to the Rs.0.50 crore non-fund based bank facility of Maple Panels Private Limited (MPPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management. The ratings also draw comfort from the company's moderate scale of operations and healthy revenue growth. However, the ratings are constrained by the company's limited operational track record in a highly competitive segment of the wood and wood products business. The ratings are also constrained by the company's weak financial risk profile. The ratings note that the company's profit margins are susceptible to fluctuations in raw material prices.

MPPL is a Gujarat-based company engaged in manufacturing of plain and pre-laminated particle boards since November 2011. MPPL benefits from its experienced management. Mr. Pradeep Lohia, director of MPPL, has around 30 years of experience in the wood products business. Mr. Ankur Agarwal, director of MPPL, has around five years of experience in the company's business.

MPPL has moderate-scale operations with revenue of Rs.43.15 crore in FY2013-14 (refers to financial year, April 01 to March 31). The company faces intense competition from several players in the wood and wood products business. MPPL's weak financial risk profile is reflected in high debt-equity ratio of 4.17 times as on March 31, 2014 and low debt service coverage ratio of 0.93 times in FY2013-14. The company's total debt of Rs.25.80 crore (as on March 31, 2014) includes subordinated interest-free unsecured loans of Rs.6.20 crore.

MPPL's profit margins are highly susceptible to volatility in raw material prices as material cost constitutes ~66.74 per cent of the company's total cost of sales.

#### Outlook: Stable

SMERA believes MPPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues while achieving improvement profit margins and financial risk profile. The outlook may be revised to 'Negative' in case the company fails to achieve the projected scalability amidst intensifying competition, or in case of deterioration in the company's financial risk profile on account of higher-than-expected increase in debt-funded capex or working capital requirements.

**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.

### About the company

MPPL (formerly known as Resham Polyolefines Limited) is a Gujarat-based company incorporated in 2003. MPPL is engaged in manufacturing of plain and pre-laminated particle boards since November 2011. The company has installed capacity of 54,000 cubic meters per annum. The overall operations of the company are managed by Mr. Pradeep Lohia and Mr. Ankur Agarwal.

For FY2013-14, MPPL reported profit after tax (PAT) of Rs.0.72 crore on operating income of Rs. 43.15 crore, as compared with PAT of Rs.0.08 crore on operating income of Rs.30.95 crore in FY2012-13. Further, the company reported PAT of Rs.1.80 crore (provisional) on operating income of Rs.62.76 crore (provisional) for FY2014-15. MPPL's net worth stood at Rs.6.18 crore as on March 31, 2014, as compared with Rs.3.95 crore a year earlier.

### Contact List:

| Media/Business Development  | Analytical Contacts  | Rating Desk   |
|---|--|---|
| Antony Jose<br>Vice President – Business Development,<br>Mid Corporate<br>Tel: +91-22-6714 1191<br>Cell: +91 9820802479<br>Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a><br>Web: <a href="http://www.smera.in">www.smera.in</a> | Shripad Nande<br>Associate Vice President –<br>Corporate Ratings<br>Tel: +91-22-6714 1329<br>Email: <a href="mailto:shripad.nande@smera.in">shripad.nande@smera.in</a> | Tel: +91-22-6714 1184<br>Email:<br><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.