

Maple Panels Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	4.40	SMERA BB/Stable (Reaffirmed)
Term Loan	13.20	SMERA BB/Stable (Reaffirmed)
Bank Guarantee	0.50	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed rating of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) assigned to Rs.18.10 crore bank facilities of Maple Panels Private Limited (MPPL). The outlook is '**Stable**'. The ratings continue to draw support from the experienced management and healthy financial risk profile. Further, the ratings also continue to factors in the sound liquidity position of the company. However, the ratings are constrained by the modest scale of operations, susceptibility of profit margins to volatility in raw material prices and fluctuations in foreign exchange rates.

Update

MPPL's operating income declined marginally and stood at Rs.59.05 crore in FY2015-16 as against Rs.62.77 crore in FY2014-15. The company reported operating margin of 15.94 per cent in FY2015-16 (refers to period, April 01 to December 31), as compared with 14.46 per cent in FY2014-15. The company's net profit margins improved to 4.62 per cent in FY2015-16 from 3.66 per cent in FY2014-15 due to decline in the raw material cost. The gearing level (debt-to-equity) remained healthy at 0.66 times as on March 31, 2016 due to repayment of existing debt and increase in tangible net worth. The financial performance of the company was in line with SMERA projections.

The interest coverage ratio (ICR) remained healthy at 3.57 times in FY2015-16 and debt-service-coverage ratio (DSCR) remained moderate at 1.33 times in FY2015-16 due to high term loan obligation. Net cash accruals remained comfortable at Rs.6.16 crore in FY2015-16.

Rating Sensitivity Factors

- Sustained improvement in revenues and profitability
- Deterioration in capital structure and working capital cycle
- Debt – funded capex

Outlook: Stable

SMERA believes MPPL will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers sustained growth in scale of operations while maintaining profit margins and achieving improvement in the financial risk profile. The outlook may be revised to 'Negative' if it fails to achieve the projected scalability amidst intensifying competition or if the financial risk profile deteriorates due to higher-than-expected increase in debt-funded capital expenditure or working capital requirements.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

MPPL (formerly known as Resham Polyolefines Limited) is a Gujarat-based company incorporated in 2003. The company is engaged in the manufacture of plain and pre-laminated particle boards since November 2011 and has an 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 FY2015-16, MPPL reported net profit after tax (PAT) of Rs.2.73 crore on operating income of Rs.59.05 crore as against PAT of Rs.2.30 crore on operating income of Rs.62.77 crore. The tangible net worth stood at Rs.18.33 crore in FY2015-16 as against Rs.14.69 crore in the previous year.

Rating History:

Date	Name of the Instrument	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
29 February, 2016	Cash Credit	4.40	SMERA BB (Upgraded from SMERA B+)	-	Stable
	Term Loan	13.20	SMERA BB (Upgraded from SMERA B+)	-	Stable
	Bank Guarantee#	0.50	-	SMERA A4+ (Upgraded from SMERA A4)	-
# Letter of Credit of Rs.0.50 crore as sublimit					
05 June, 2015	Cash Credit	4.40	SMERA B+ (Assigned)	-	Stable
	Term Loan	13.20	SMERA B+ (Assigned)	-	Stable
	Bank Guarantee#	0.50	-	SMERA A4 (Assigned)	-
# Includes Letter of Credit as a sublimit to the extent of Rs.0.50 crore					

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ABOUT SMERA

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