

Suryshree Blocks Private Limited: Rating Upgraded

| Name of the Instrument | Amount (Rs Crore) | Rating Assigned/Outlook |
|------------------------|-------------------------------|---|
| Cash Credit | 3.50 (Revised from 1.45) | SMERA B+/Stable (Upgraded from SMERA B/Stable) |
| Term Loan | 14.04 (Revised from 17.88) | SMERA B+/Stable (Upgraded from SMERA B/Stable) |
| Fund Based (Proposed) | 1.79 | SMERA B+/Stable (Assigned) |

SMERA has upgraded the long term rating on the Rs.17.54 crore bank facilities of SBPL (the erstwhile Suryshree Wellness Private Limited) to '**SMERA B+**' (read as **SMERA B plus**) from '**SMERA B**' (read as SMERA B). SMERA has also assigned rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs.1.79 crore bank facilities. The outlook is '**Stable**'.

The rating upgrade takes into account the improved operational performance of the company, moderate order book position and timely financial support extended by group entities. However, the rating continues to factor in the below average financial risk profile and nascent stage of operations leading to net losses. The rating also factors the highly competitive and fragmented nature of the industry.

Update

For FY2014-15 (refers to financial year, April 01 to March 31), SBPL registered net loss of Rs.3.28 crore on operating income of Rs.6.46 crore. As per provisional data for FY2015-16, SBPL booked revenue of Rs.13.89 crore and net loss of Rs.0.40 crore in FY2015-16. However, the company registered EBITDA margin of Rs.19.58 per cent and has an order book of around Rs.42 crore providing medium term revenue visibility.

SBPL's below average financial risk profile is reflected in the gearing of 2.61 times as on March 31, 2015. The net worth is supported by unsecured loans of Rs.7.14 crore that are subordinated to bank debt as quasi equity. As on March 31, 2016, the unsecured loans stood at Rs.9.32 crore. The company has incurred losses due to its nascent stage of operations. Upto 62.99 per cent of the working capital limits have been utilised for the six months ended April 2016.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Efficient working capital management
- Continued financial support from management

Outlook-Stable

SMERA believes SBPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers strong growth in scale of operations while achieving improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements and continuous losses.

Criteria applied to arrive at the ratings is Manufacturing Entities

About the Company

SBPL (previously known as Suryshree Wellness Private Limited), incorporated in 2011, is an Ahmedabad-based company promoted by Mr. Adesh K. Patel and Mrs. Kruti A. Patel. The company is engaged in the manufacturing of autoclaved aerated concrete (AAC) and sand based blocks apart from wall and roof panels. The manufacturing unit is located at Chiyada, Gujarat.

SBPL is a part of the Bidiwala Group. The other companies of the group are Parbhudas Kishordas Tobacco Products Private Limited, JP Tobacco Products Private Limited and Helios Pharmaceuticals.

Rating History

| Date | Name of the Instrument | Amount (Rs. Crore) | Rating Assigned For | | Rating Outlook |
|-------------------|------------------------|--------------------|---------------------|------------|----------------|
| | | | Long Term | Short Term | |
| February 13, 2015 | Cash Credit | 1.45 | SMERA B | - | Stable |
| | Term Loan | 19.33 | SMERA B | - | Stable |
| July 09, 2014 | Cash Credit | 1.45 | SMERA D | - | - |
| | Term Loan | 19.33 | SMERA D | - | - |
| April 29, 2013 | Cash Credit | 1.45 | SMERA B | - | Stable |
| | Term Loan | 19.33 | SMERA B | - | Stable |

Contacts:

| Analytical | Media |
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| Mr. Mohit Jain Vice President – Ratings Operation, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in | Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in Website: www.smera.in |

ABOUT SMERA

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