

Press Release

30 December, 2017



SHREE AMBICA BOARD INDUSTRIES (SABI)

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.44 Cr.
Long Term Rating	SMERA D
Short Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term and short term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 9.44 crore bank facilities of SHREE AMBICA BOARD INDUSTRIES.

The Gujarat-based Shree Ambika Board Industries (SABI), a partnership firm was established in March 2008 by Mr. Haribhai Patel, Mr. Prakashbhai Bhagat, Mr. Sandipbhai Patel and others. The firm commenced operations in the manufacture of decorative veneer plywood from 2010 and has installed capacity of 2000 sheets per day.

Key Rating Drivers

Strengths

Experienced management

SABI was established in March 2008 by Mr. Haribhai Patel and others. The partners have a decade of experience in the aforementioned business which has helped build long term relations with customers and suppliers.

Weaknesses

Delays in servicing debt obligations

The rating reflects delays in servicing ongoing long term debt obligations by at least four to five days. Further, there has been devolvement in LC for the past six months ending November 2017 and the same was regularised within around 20 days due to stretched liquidity position. Hence, curing of debt obligation remains a key sensitivity factor.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of SABI to arrive at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Provisional)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	10.51	9.12	8.36
EBITDA	Rs. Cr.	1.74	1.36	1.20
PAT	Rs. Cr.	0.15	0.07	0.07
EBITDA Margin	(%)	16.57	14.90	14.31
PAT Margin	(%)	1.43	0.82	0.81
ROCE	(%)	12.20	10.96	10.28
Total Debt/Tangible Net Worth	Times	3.22	2.36	2.69
PBDIT/Interest	Times	1.21	1.21	1.27
Total Debt/PBDIT	Times	6.45	5.95	6.00
Gross Current Assets (Days)	Days	546	600	518

Status of non-cooperation with previous CRA (if applicable)

CARE Ratings in its press release dated March 03, 2016 inter alia has stated the following 'CARE has suspended, with immediate effect, the rating assigned to the bank facilities of Shree Ambica Board Industries. The rating has been suspended, as the firm has not furnished the information required by CARE for monitoring of the rating"

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	2.44	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA D

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ABOUT SMERA

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