

February 13, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	1.45	SMERA B/Stable (upgraded from SMERA D)
Term Loan	17.88	SMERA B/Stable (upgraded from SMERA D)

SMERA has upgraded the long-term rating on the Rs.19.33 crore bank facilities of Suryshree Wellness Private Limited (SWPL) to '**SMERA B** (read as **SMERA single B**) from '**SMERA D**'. The outlook is '**Stable**'. The upgrade is in view of timely servicing of debt by the company. The rating draws comfort from the company's moderate order book position. However, the rating remains constrained by the company's nascent stage of operations and weak financial profile.

Update

SWPL has serviced its debt obligations in a timely manner since October 2014. The company's management has regularly infused funds to ensure timely servicing of debt obligations. SWPL has annual debt repayment obligation of Rs.2.56 crore. The company's unsecured loans have increased from Rs.3.01 crore as on March 31, 2014 to Rs.6.74 crore as on December 31, 2014.

SWPL has small-scale operations marked by revenues of Rs.3.76 crore for the period April 2014 to December 2014. The company has pending orders of Rs.10.70 crore as on February 01, 2015.

SWPL commenced commercial operations in January 2014, after delay of around four months. The company incurred net loss of Rs.1.42 crore on account of high interest and depreciation in FY2013-14. Moreover, SWPL reported net loss of Rs.1.47 (provisional figure, before charging depreciation) for the period April 2014 to December 2014. The company's total debt of Rs.23.67 crore (as on December 31, 2014) includes interest-free unsecured loans of Rs.6.74 crore, of which loans of Rs.3.00 crore are subordinated to bank debt. SWPL's utilisation of cash credit limit is moderate at 70 per cent during July 2014 to December 2014.

Outlook: Stable

SMERA believes SWPL 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. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements. Sustained financial support from promoters until stabilisation of operations is a key rating sensitivity.

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About the company

SWPL, incorporated in 2011, is an Ahmedabad-based company promoted by Mr. Adesh K. Patel and Mrs. Kruti A. Patel. SWPL is engaged in manufacturing of autoclaved aerated concrete (AAC) blocks. The company has a manufacturing unit in Chiyada, Gujarat.

SWPL is a part of the Bidiwala Group, which includes Parbhudas Kishordas Tobacco Products Private Limited, JP Tobacco Products Private Limited and Helios Pharmaceuticals.

SWPL's net worth stood at Rs.2.55 crore as on March 31, 2014.

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