



Press Release

Maple Panels Private Limited [MPPL]

July 15, 2020

Rating

Sl. No	Instrument/ Facility	Amount (Rs. Crore)	Ratings	Rating Action
1	Long Term-Fund Based-Term Loan	10.44	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned
2	Long /Short Term-Fund/Non Fund Based- Cash Credit (LC- Sublimit of CC)	7.50 (3.00)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook) / IVR A3 (IVR A Three)	Assigned
3	Short Term-Non Fund Based-Bank Guarantee	1.00	IVR A3 (IVR A Three)	Assigned
4	Short Term-Non Fund Based- Letter of Credit	3.00	IVR A3 (IVR A Three)	Assigned
	Total	21.94		

Details of facilities are in Annexure 1

Rating Rationale

The rating derives strength from experienced promoters and long track record of operations; establish customer-relationship & varieties of Product offerings, comfortable gearing & debt protection Metrics and comfortable cash conversion cycle .The rating however is constrained by moderate scale of operation and intense competition.

Key Rating Sensitivities:

Upward Rating Factor:

- A substantial improvement in the revenue while maintaining profitability

Downward Rating Factor:

- A substantial decline in the revenue and/or profitability
- Significant decline in debt protection parameters



Press Release

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Promoters and long track record of operations

MPPL's promoters have three decades of experience in the wood and wood products industry. Shri Madhukar Agarwal who is a founder and promoter of the MPPL has a rich experience in the industry and this has resulted in established relationship with the customers and suppliers. Pradeep Lohia is a Managing Director of a company and has an experience of around three decades and he is responsible for overall management of the company. MPPL is further supported by a team of qualified professionals

Establish customer-relationship & varieties of Product offerings

MPPL's management has a long and established relationship with their customers for more than 30 years. Their sales are mainly order backed and the company receives orders on a daily basis for its products.

MPPL has product range which consists of Plain Particle Board, Pre-laminated Particle Board, Veneered Particle Board, One Side Pre-Laminated particle Board and Both Side Balancing White Pre-Laminated Board

Comfortable Gearing and Debt Protection Metrics

Long Term Debt to equity ratio and overall Gearing ratio of MPPL is comfortable and stood at 0.32x and 0.43x respectively in FY20 (Provisional). Interest coverage ratio stood at 2.41x in FY20 (Provisional)

Comfortable Cash Conversion Cycle

MPPL cash conversion cycle is comfortable at an average of around 3 months in the last three years ended FY20. Credit days given to it customer is around 90 days as per the industry standard. MPPL gradually shifting its procurement policy to cash purchase leading to availment of more discounts.



Press Release

Key Rating Weaknesses

Moderate Scale of Operation

MPPL's scale of operation remains moderate as it remains at around INR60.00 Crores in the last three years ended FY20. The marginal movement in the revenue was mainly on account of movement in average price realisation. The revenue was INR 61.68 in FY20 (Provisional).

Intense Competition

The Indian plywood industry is highly fragmented with ~75% of the market share controlled by the unorganised sector, while the remaining 25% is with the organised segment. The organised players face tough competition from unorganised players on account of the margin-based competition offered by the latter. Due to the high competition, any variation in input cost hits the margins due to limited flexibility to pass on that cost to the customers. In this scenario, the Company needs to rely on increase in scale of operations, augmentation of sales volume, diversification, and integration across the value chain, long term contracts with buyers and suppliers and establishment of its strong brand in the market to win over its competition. Besides these, the Company's products also have to compete with various plastic-based substitutes and cheap imports available in market.

Analytical Approach & Applicable Criteria:

- Standalone
- Rating Methodology for Manufacturing companies
- Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity: Adequate

MPPL's average Working capital utilization for the last 12 months ended May, 2020, stood at about 50.17%. Current Ratio and Quick Ratio for MPPL is comfortable and above unity at 2.00x and 1.08x respectively in FY20. Liquidity is also supported by infusion of unsecured loans from promoters as and when required.



Press Release

About the company

Maple Panels Pvt Ltd was incorporated in 2003 and it is a Kutch based company promoted by Mr. Pradeep Lohia and Shri Madhukar Agarwal. MPPL is engaged in the business of manufacturing of plain and pre-laminated particle boards. The company has installed capacity of 54000 cubic meters per annum. Company sells its products under the brand name "Treelogy".

Financials (Standalone)

For the year ended / As on*	INR in Crore	
	31-Mar-19 (A)	31-Mar-20 (P)
Total Operating Income	59.70	61.68
EBITDA	7.48	7.32
PAT	0.89	1.26
Total Debt	17.01	14.67
Tangible Net Worth	18.19	19.45
EBIDTA Margin (%)	12.53	11.87
PAT Margin (%)	1.49	2.02
Overall Gearing ratio (x)	0.54	0.45

* Classification as per Infomerics' standards

A-Audited and P-Provisional

Details of Non Co-operation with any other CRA: India Ratings & Research in its press release dated June 24, 2020 has classified the case under Issuer Not Cooperating status on account of non-submission of relevant information

Any other information: N.A

Rating History for last three years:

Name of Instrument/ Facility	Current Rating (Year: 2020-21)			Rating History for the past 3 years		
	Type	Amount outstanding (INR Crore)	Rating	Rating assigned in 2019-20	Rating assigned in 2018-19	Rating assigned in 2017-18
Term Loan	Long Term	10.44	IVR BBB-/ Stable Outlook	--	--	--



Press Release

Cash Credit (Letter of Credit)	Long Term (Short Term)	7.50 (3.00)	IVR BBB-/ Stable Outlook/IVR A3	--	--	--
Bank Guarantee	Short Term	1.00	IVR A3	--	--	--
Letter of Credit	Short Term	3.00	IVR A3	--	--	--
	Total	21.94				

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Analysts:

Name: Ms. Himani Singhal

Tel: (022) 62396023

Email: hsinghal@infomerics.com

Name: Mr. Amit Bhuwania

Tel: (022) 62396023

Email: abhuaniania@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Press Release

strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Sr. No.	Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
1	Long Term Facility-Term Loan	--	--	June-2024	10.44	IVR BBB-/ Stable Outlook
2	Long Term Facility-Cash Credit(LC-Sublimit of CC)	--	--	--	7.50 (3.00)	IVR BBB-/ Stable Outlook/IVR A3
3	Short Term Facility-Bank Guarantee	--	--	--	1.00	IVR A3
4	Short Term Facility-Letter of Credit	--	--	--	3.00	IVR A3
Total					21.94	