

Press Release

Levin Decor Llp

May 27, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.81 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 9.81 crore bank facilities of Levin Decor Llp. The outlook is '**Stable**'.

Levin Decor LLP is engaged in the manufacturing of decorative laminates used in furnishing of homes and offices. Established in 2014 by Mr. Bharatbhai Patel, Mr. Kamleshbhai Patel and Mr. Utkarshkumar Patel, the firm commenced operations from July 2015. The manufacturing capacity stands at 6.40 lakh sheets per annum.

Key Rating Drivers

Strengths

- **Experienced management**

The Directors, Mr. Bharatbhai Patel, Mr. Kamleshbhai Patel, and Mr. Utkarshkumar Patel have around 15 years of experience in the industry.

- **Moderate financial risk profile**

Levin Decor has moderate financial risk profile marked by gearing of 1.28 times as on March 31, 2017 (Provisional) as compared to 1.67 times as on March 31, 2016. The debt protection metrics stand moderate with NCA/TD (Net cash accruals to Total Debt) of 0.13 times for FY2017 (Provisional) Further, the interest coverage ratio stood at 2.01 times in FY2016-17 (Provisional) as against 1.00 times in the previous year.

Weaknesses

- **Nascent stage of operations**

Levin Decor was established in 2014 and commenced commercial operations in July 2015. The firm registered sales of Rs.9 crore in FY2016 and Rs.22.91 crore in FY2017 (Provisional). In FY2017, the PAT margin stood at 3.37 per cent (Provisional).

- **Working capital intensive operations**

The operations of Levin Decor are working capital intensive marked by gross current assets days of 271 days in FY2016-17 mainly on account of high inventory holding of 106 days and debtors days of 135 days. The working capital limits have been almost fully utilised (around 90 per cent).

Analytical Approach

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

Outlook: Stable

SMERA believes that Levin Decor will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case of healthy growth in

revenue, profitability and improvement in working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues or profit margins or if the firm registers deterioration in the financial risk profile and liquidity position.

About the Rated Entity - Key Financials

For FY2016-17 (Provisional), Levin Decor reported Profit after Tax (PAT) of Rs. 0.77 crore on operating income of Rs. 22.91 crore as compared to net loss of Rs. 0.37 crore on operating income of Rs. 9 crore in the previous year. The net worth stood at Rs.8.37 crore as on March 31, 2017 (Provisional) compared to Rs. 6.31 crore in the previous year.

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

None

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 (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	4.81	SMERA B+ / Stable

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ABOUT SMERA

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