November 25, 2013

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	2.55	SMERA B / Stable (Assigned)
Term Loan II	2.00	SMERA B / Stable (Assigned)
Cash Credit	2.50	SMERA B / Stable (Assigned)

SMERA has assigned a rating of '**SMERA B' (read as SMERA Single B**) to the Rs.7.05 crore long-term bank facilities of Motif Dekor Private Limited (MDPL). The outlook is '**Stable'**. The rating is constrained by the company's short track record and small scale of operations amidst intense competition. The rating is also constrained by the company's working capital-intensive business and exposure to raw material price volatility. However, the rating is supported by the company's comfortable debt protection metrics.

MDPL is an Ahmedabad-based company engaged in manufacturing of paper-based decorative laminates (thickness of 0.8 mm to 1.00 mm) since FY2011–12 (refers to financial year, April 01 to March 31). MDPL also started trading of agricultural commodities in FY2012–13. The company has a small scale of operations with revenues of Rs.9.31 crore (including ~Rs.4.50 crore from trading operations) in FY2012–13. MDPL is exposed to the intense competition prevalent in the laminate manufacturing and agro-commodity trading business. The company's operations are working capital-intensive as evidenced in a stretched working capital cycle of over 100 days in FY2012–13 and average utilization of cash credit limit at ~93 per cent during March 2013 to September 2013. MDPL's profitability is susceptible to volatility in raw material and commodity prices.

Although MDPL has a high leverage at 3.01 times as on March 31, 2013, the company's total debt of Rs.7.61 crore (as on March 31, 2013) includes interest-free unsecured loans of Rs.1.08 crore from family and friends, and security deposits of Rs.1.78 crore from vendors. MDPL thus has comfortable debt protection metrics with interest coverage ratio of 3.99 times in FY2012–13.

Outlook: Stable

SMERA believes the outlook on MDPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' if the company is successful in expanding its scale of operations while maintaining a comfortable liquidity position and satisfactory capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's capital structure and liquidity position.

About the company

MDPL, incorporated in 2009, is an Ahmedabad-based company engaged in manufacturing of paper-based decorative laminates. MDPL is also involved in trading of agricultural commodities. Mr. Jitendrasingh Gohil and Mr. Pravinsingh Gohil, Directors of MDPL, have over ten years of experience in trading of agricultural commodities.

MDPL has an administrative office in Ahmedabad, Gujarat and a factory unit in Bavla — Ahmedabad, Gujarat.

For FY2012–13, MDPL reported net profit of Rs.0.14 crore on total income of Rs.9.31 crore as compared with net profit of Rs.0.01 crore on total income of Rs.2.76 crore in FY2011–12. The company registered revenues of Rs.4.53 crores over April 2013 to September 2013.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Virendra Goyal Vice President - SME Sales Tel : +91 22 6714 1177 Cell : +91 99300 74009 Email : virendra.goyal@smera.in Web: www.smera.in	Umesh Nihalani Head - Corporate Ratings, Tel: +91-22-6714 1106 Email: umesh.nihalani@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in