



SMERA RATINGS LIMITED

Motif Dekor Private Limited (MDPL)

*Rating
Rationale*

February 25, 2015

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

SMERA has reaffirmed the rating of '**SMERA B' (read as SMERA single B)** on the abovementioned bank facilities of Motif Dekor Private Limited (MDPL). The outlook is '**Stable**'. The rating is constrained by the company's short operational track record and small-scale operations. The rating notes that the company's management has limited experience in the business of manufacturing laminated sheets. However, the rating is supported by the company's comfortable coverage indicators. The rating also draws comfort from the improvement in the company's operating profit margin.

Update

MDPL's revenues declined to Rs.7.64 crore in FY2013-14 (refers to financial year, April 01 to March 31) from Rs.9.39 crore in FY2012-13. The company's net worth is low at Rs.2.87 crore as on March 31, 2014. MDPL's leverage is high at 4.15 times as on March 31, 2014. However, the company's interest coverage ratio is comfortable at 4.31 times in FY2013-14. MDPL's operating profit margin increased from 16.65 per cent in FY2012-13 to 17.92 per cent in FY2013-14.

Outlook: Stable

SMERA believes MDPL will maintain a stable business risk profile over the medium term. The company's ability to expand its scale of operations without compromising on profitability and liquidity position will be a key rating sensitivity. The outlook may be revised to 'Negative' in case of significant deterioration in the company's profitability or capital structure. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in profitability, liquidity position and working capital management.

About the company

MDPL, incorporated in 2009, is an Ahmedabad-based company engaged in manufacturing of paper-based decorative laminate sheets. The company is also engaged in trading of agriculture products. The overall operations of the company are managed by Mr. Jitendrasingh Gohil and Mr. Pravinsingh Gohil.

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

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For FY2013–14, MDPL reported profit after tax (PAT) of Rs.0.06 crore on revenues of Rs.7.64 crore, as compared with PAT of Rs.0.06 crore on revenues of Rs.9.39 crore in FY2012–13. MDPL's net worth stood at Rs.2.87 crore as on March 31, 2014, as compared with Rs.2.45 crore a year earlier.

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