

July 19, 2019

Spacewood Furnishers Private Limited: Ratings removed from 'Issuer not cooperating' Category and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based - Working Capital Facilities	43.50	43.50	[ICRA]BBB- (negative), removed from 'Issuer not cooperating' Category and withdrawn
Non-fund Based Facilities	21.26	21.26	[ICRA]A3, removed from 'Issuer not cooperating' Category and withdrawn
Total	64.76	64.76	

*Instrument details are provided in Annexure-1

Rationale

ICRA has removed its earlier rating of [ICRA]BBB- (negative)/[ICRA]A3 from the 'ISSUER NOT COOPERATING' category as the company has now submitted its 'No Default Statement' ("NDS") which validates that the company is regular in meeting its debt servicing obligations. The company's rating was moved to the 'ISSUER NOT COOPERATING' category in June 2019.

ICRA has also withdrawn the long-term rating of [ICRA]BBB- (pronounced ICRA Triple B minus) (Negative) and the short-term rating of [ICRA]A3 (pronounced ICRA A Three) outstanding to the Rs. 64.76 crore¹ bank facilities of Spacewood Furnishers Private Limited (SFPL or the company)² on the basis of client's request and no objection received from the banker.

Outlook

Not applicable

Key rating drivers

Key Rating drivers have not been captured as the rated instrument is being withdrawn.

Liquidity Position:

Liquidity position has not been captured as the rated instrument is being withdrawn.

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Ratings
Parent/Group Support	Not applicable
Consolidation / Standalone	Standalone

About the company:

SFPL was established in 1996 by Mr. Kirit Joshi and Mr. Vivek Deshpande. SFPL is primarily involved in manufacturing modular furniture and pre-laminated boards. The company started off as a manufacturer of furniture and furniture components for larger OEMs such as Godrej and Wipro. Over the years, SFPL has moved from being a component manufacturer to a complete furnishing solution provider to OEMs and now directly to the end-user under its own brands. SFPL has its manufacturing facility at Nagpur and at present, its operations are structured around five business verticals viz, modular kitchen and shutters, home and bedroom furniture, office furniture, pre-hung doors and pre-laminated boards. SFPL forayed into furniture retailing in 2008-2009 through the launch of its “Tru Value” brand. However, SFPL subsequently rebranded the same as Alfa and augmented its product profile by adding modular kitchens in 2010-2011. During 2010-2011, the company also introduced two new brands viz, Life Style Furniture and Modern Living in the premium and luxury segment. SFPL has a 100% subsidiary named Modern Living Solutions Private Limited, which is in the business of operating furniture showrooms. The Japan-based Sumitomo Group through its subsidiary, Sumitomo Forestry (Singapore) Company Limited holds ~26% stake in SFPL.

Key financial indicators

	FY2017 (Audited)	FY2018 (Audited)	6MFY2019 (Provisional)
Operating Income (Rs. crore)	184.13	239.34	128.23
PAT (Rs. crore)	1.79	3.31	1.89
OPBDIT/OI (%)	2.66%	5.59%	6.59%
RoCE (%)	4.79%	6.17%	6.17%
Total Debt/TNW (times)	0.29	0.37	0.41
Total Debt/OPBDIT (times)	7.39	3.49	3.13
Interest coverage (times)	1.00	2.58	2.95

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2020)						Chronology of Rating History for the past 3 years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating		Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017	
				July 2019	June 2019	May 2018	-	February 2017	
1	Cash Credit	Long Term	43.50	-	[ICRA]BBB- (negative); removed from 'Issuer not cooperating' Category and withdrawn	[ICRA]BBB- (negative); ISSUER NOT COOPERATING	[ICRA]BBB- (negative)	-	[ICRA]BBB (stable)
2	Non-fund-based limits	Short Term	21.26	-	[ICRA]A3; removed from 'Issuer not cooperating' Category and withdrawn	[ICRA]A3; ISSUER NOT COOPERATING	[ICRA]A3	-	[ICRA]A3+
3	Unallocated	Long Term	-	-	-	-	-	-	[ICRA]BBB (stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	43.50	[ICRA]BBB- (negative); removed from 'Issuer not cooperating' Category and withdrawn
NA	Non-fund-based limits	NA	NA	NA	21.26	[ICRA]A3; removed from 'Issuer not cooperating' Category and withdrawn

Source: Spacewood Furnishers Private Limited

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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