

M/s Livingstones

Instrument	Amount Rated	Rating Action
Long Term - Fund Based/Non Fund Based	Rs. 48.00 crore (Enhanced from Rs 42.00 crore)	[ICRA]B+ re-affirmed
Long Term- Non Fund Based	Rs. 0.82 crore	[ICRA]B+ re-affirmed

ICRA has re-affirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) to the Rs. 48.82 crore* (enhanced from Rs. 42.82 crore) working capital facilities of M/s Livingstones (LS/the firm)[†].

The rating re-affirmation of M/s Livingstones takes into account the promoter's experience and operating track record of over three decades in the gems and jewellery business, leading to established relationships with its clients and suppliers, and benefits accruing from forward integration into jewellery through its group concern. The rating is, however, constrained by the firm's modest financial profile as indicated by high gearing, modest debt coverage indicators, and weak profitability levels on account of limited value addition coupled with stiff competition in CPD business. The rating is further constrained by the high working capital intensity in the business owing to high inventory and receivable levels, and exposure of the firm's profitability to sharp fluctuations in both foreign exchange rates and diamond prices. ICRA also notes that M/S Livingstones is a partnership firm and any significant withdrawals from the capital account will impact its net worth and thereby the capital structure.

Company Profile

M/s Livingstones (LS) was established as a proprietary concern by Mr. Pankaj N. Kothari in 1976 and was subsequently converted into a partnership firm in 1982, with the admission of Mr. Sandip Kothari and other family members. The firm was last reconstituted in April, 2006, with the retirement of its key promoters, Mr. Pankaj Kothari and his wife, Mrs. Shilpa Kothari. Mr. Sanket Kothari, the son of Mr. Sandip Kothari, was then inducted into the business as a partner. LS deals in diamonds of mainly round brilliant cut in whites and extra whites, ranging from 2 cents to 20 cents. It specializes in low cartage diamonds.

Recent Results

During FY15, LS reported an operating income of Rs. 111.64 crore and a profit after tax of Rs. 0.90 crore as compared to an operating income of Rs. 100.61 crore and profit after tax of Rs. 2.36 crore during FY14.

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* 1 crore = 100 lakh =10 million

[†] For a complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.



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