



Padmavati Decor Private Limited

| Instrument | Amount | Rating Action |
|--|-----------------|-------------------------------------|
| Cash Credit Fund Based Limits | Rs. 10.00 crore | [ICRA]BB (Stable) <i>reaffirmed</i> |
| Letter of Credit Non-Fund Based Limits | Rs. 7.50 crore | [ICRA]A4 <i>reaffirmed</i> |

ICRA has reaffirmed the long term rating of [ICRA]BB (pronounced ICRA double B) to the Rs. 10.00 crore* fund based limits and a short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 7.50 crore non-fund based limits of Padmavati Decor Private Limited (Padmavati)[†]. The outlook on the long term rating is stable.

The ratings reaffirmation continues to take into account Padmavati's modest operating scale, however, some improvement has been witnessed in FY15 whereby the company has recorded ~20% y-o-y growth in revenues. The ratings are constrained by the working capital intensity arising from continuing high inventory levels maintained for the primary raw material, timber, which is sourced from different geographies during the timber harvest season rendering almost full utilisation of the working capital limit despite Letter of Credit backed payments to suppliers stretching the payables. Being a net importer, the profitability is also vulnerable to foreign exchange fluctuations; however, forward contracts booked have limited forex loss to an extent. ICRA also notes that the plywood manufacturing industry is highly competitive and fragmented with the presence of numerous players in both organized and the unorganized market.

The ratings, however, continue to favourably factor in the experience of the promoters in the business and operational comfort derived from the group's presence in the plywood, veneers and related business for over two and a half decades resulting in the recognition of the Timex brand in the domestic market, a pan-India distributors' network as well as consistent customer base and relationship with overseas timber suppliers. The ratings also factor in the diversified product profile comprising of a wide collection of certified quality veneers and plywood and moderate operating profitability in recent years on account of focus on manufacturing of niche products.

About the Company

Incorporated in 2005, Padmavati Decor Pvt. Ltd. (Padmavati) is engaged in the business of manufacturing natural decorative veneers, decorative plywood and other related products. Padmavati is a group company of the Timex group which comprises six other group companies engaged in the business of various building materials for over two and a half decades. All the products of the group are marketed under the Timex brand. The company is based out of Mumbai with a manufacturing facility in Vapi, Gujarat.

Recent results

Padmavati recorded a profit before tax and depreciation of Rs. 1.31 crore on an operating income of Rs. 25.96 crore as per the provisional figures for the year ending March 31, 2015.

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* 100 lakh = 1 crore = 10 million

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



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