



Press Release

Elica Vitrified Private Limited (EVPL)

October 31, 2023

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	11.22 (Reduced from 13.64)	IVR BBB-/ Stable (IVR Triple B minus with Stable Outlook)	Revised	Simple
Short Term Bank Facilities	4.00	IVR A3 (IVR A Three)	Revised	Simple
Total	15.22 (Rupees Fifteen Crore and Twenty two Lacs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics has considered the consolidated financial profiles of Ramest Ceramic LLP (RCL), Ramest Granito LLP (RGL) and Elica Vitrified Pvt. Ltd. (EVPL), collectively referred to as the Ramest group, for arriving at the ratings.

The revision in the ratings assigned to the bank facilities of Elica Vitrified Private Limited (EVPL) factors in improvement in scalability and profitability of the group in FY23. The ratings continue to factor in the long track record of partners in the ceramic industry and strategic locational advantage. The ratings are, however, constrained by working capital intensive operations, susceptibility of its profitability to fluctuations in raw material prices and forex rates, presence in a highly competitive and fragmented industry and linkages with the cyclical real estate sector.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in revenue and profitability margins while maintaining the debt protection metrics may lead to a positive rating action.

Downward Factors

- Any decline in scale of operations and/or moderation in profitability leading to decline in the debt protection metrics
- Any debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the firm

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters in the ceramic tiles industry**

The promoters Mr. Prabhubhai Barasara Mr. Hareshbhai Barasara and Mr. Ramjibhai Barasara cumulatively carry close to four decade experience in the ceramic tile industry which not only has enabled the company to scale up in the past fiscals but also garner repeat orders from its customers while procuring raw material from its suppliers at adequate terms. The promoters are backed by an adequate team of personnel having sound experience.

- **Presence in the ceramic tile manufacturing cluster at Morbi**

Ramest group's manufacturing facilities are located in the ceramic cluster of Morbi (Gujarat), which accords the group locational advantage in terms of raw material sourcing and easy availability of skilled manpower. Further, closeness to Gandhidham sea port also provides the necessary access for exports.



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- **Improvement in scalability and profitability of the group in FY23 and 6MFY24**

Total operating income of the group improved by 42% from Rs.135.32 crore in FY21 to Rs.192.35 crore in FY22 and further improved by 38% to Rs. 264.86 crore in FY23. Group's PBT and PAT margin also improved to 1.17%, 0.90% respectively in FY23 compared to (0.45%), (0.73%) respectively in FY22. Improvement in topline and profits attributes to increased contribution of sales from Ramest Ceramic LLP. Group received orders from reputed customers like RAK, SOMANI and CERA. Group has reported sales of Rs.144.70 crore with PBT of Rs.1.88 crore for 6MFY24.





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Key Rating Weaknesses

- **Working capital intensive operations**

The group's operations remained working capital intensive as evidenced by operating cycle of above 110 days in the past three fiscals. The operating cycle remained elongated mainly due to high debtor levels though the company gets adequate credit period from suppliers and has exercised adequate control on inventory especially in the past fiscal. The inventory days remained at 84 days as on March 31 2023. Optimisation of receivable cycle remains necessary to reduce dependence on working capital borrowings and also will be a key monitorable, going forward

- **Susceptibility of its profitability to fluctuations in raw materials prices, fuel cost and foreign exchange rates**

The prices of major raw material i.e. clay and fuel (natural gas) constitute a major part of the cost structure of an entity in the ceramic tile industry, and are market driven. Inability of the company to pass on the increase in these costs to its customers may exert pressure on profitability of the company. Further, Ramest Group (Ramest Granito LLP, Ramest Ceramic LLP and Elica Vitrified Private Limited) Ramest group is exposed to fluctuations in the foreign exchange rates as more than 15% of the total operating income coming from exports.

- **Presence in a highly competitive and fragmented industry and linkages with the cyclical real estate sector**

The tiles industry is intensely competitive and fragmented with the presence of numerous organized as well as unorganized players. Intense competition restricts the profitability of the players, given the limited pricing flexibility. Further, the ceramic tile industry has strong linkages with the real estate industry which is highly cyclical in nature.



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Analytical Approach: Consolidated

Infomerics has considered the consolidated financial profiles of RGL, RCL and EVPL, collectively referred to as Ramest Group, for arriving at the ratings. The consolidation is on account of three entities being engaged in the same line of business having common management, and operational and financial linkages existing between the three entities in the form of common sourcing of raw material, sale using the common brand, joint negotiations with customers etc.

Applicable Criteria:

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Rating Criteria on Consolidation of companies](#)



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Liquidity – Adequate

Ramest Group's liquidity position stood adequate marked by sufficient cash accruals as against its repayment obligations. Its current ratio stood at 1.41x as on March 31, 2023. Average working capital utilization at group level for the twelve months ended August 2023 stood at 83.35%. The group doesn't have any major capex planned till FY26.

About the Group

Ramest Group is involved in manufacturing of tiles in Morbi district of Gujarat. The Ramest Group is promoted by Mr. Prabhuhai Barasara and his family. Ramest Group consists of three entities, namely RGL, RCL and EVPL.

About the Company

EVPL was incorporated in July 2010. It is involved in the manufacturing of glazed vitrified tiles and polished glazed vitrified tiles in Morbi, Gujarat. It has an installed capacity of 33 lacs boxes p.a. EVPL is promoted by Mr. Dilipbhai Barasara and Mr. Prabhuhai Barasara and family.

Financials (Consolidated)

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	192.35	264.86
EBITDA	15.24	25.98
PAT	(1.43)	2.41
Total Debt	98.99	90.61
Tangible Net Worth including quasi equity	79.99	86.49
Ratios		
EBITDA Margin (%)	7.92	9.81
PAT Margin (%)	(0.73)	0.90
Overall Gearing Ratio(x)	1.24	1.05

*As per Infomerics' standards

Financials (Standalone):

Rs in Crore



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For the Year ended*/As on	31-March-22 (Audited)	31-March-23 (Audited)
Total Operating Income	80.32	72.77
EBITDA	4.61	3.89
PAT	0.89	0.77
Total Debt	16.09	17.58
Tangible Net Worth	18.85	21.20
EBITDA Margin (%)	5.73	5.35
PAT Margin (%)	1.11	1.04
Overall Gearing ratio(X)	0.54	0.48

* Classifications as per Infomerics standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (August 3, 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Cash Credit	Long Term	10.50	IVR BBB-/Stable	IVR BB+/Stable	-	-
2.	Term Loan	Long Term	0.72	IVR BBB-/Stable	IVR BB+/Stable	-	-
3.	Bank Guarantee	Short Term	4.00	IVR A3	IVR BB+/Stable	-	-



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	Revolving	10.50	IVR BBB-/ Stable
Term Loan	-	-	July 2024	0.72	IVR BBB-/ Stable
Bank Guarantee	-	-	-	4.00	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Elica-oct23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.