

Famous Vitrified Private Limited

Instrument	Amount	Rating Action
Fund Based- Cash Credit	Rs. 8.00 crore	[ICRA]BB- (Stable); reaffirmed
Fund Based- Term Loan	Rs. 10.00 crore	[ICRA]BB- (Stable); reaffirmed
Non Fund Based- Bank Guarantee	Rs. 2.65 crore	[ICRA]A4; reaffirmed

ICRA has reaffirmed the [ICRA]BB- (pronounced ICRA double B minus) rating to the Rs. 18.00 crore¹ long term based facility of Famous Vitrified Private Limited (FVPL)². ICRA has also reaffirmed the [ICRA]A4 (pronounced ICRA A four) rating to the Rs. 2.65 crore Bank Guarantee facility of FVPL. The outlook of the rating is “Stable”.

The reaffirmation of rating continues to be constrained by discontinuation of large order from RAK Ceramics Private Limited; intense competition on account of fragmented industry structure leading to thin profit margins. The rating also takes into account modest financial profile as reflected by high working capital intensity resulting in high limit utilization.

ICRA also notes the vulnerability of profitability, increasing prices of gas which constitute large part of the power and fuel cost; however recent decline in PNG prices could have favorable impact on operational profitability.

The ratings, however, favorably take into account the experience of the promoters in the ceramic industry as well as operational support from group companies in the similar line of business. The rating further draws comfort from location advantage derived by FVPL in the form of easy availability of quality raw material.

ICRA expects FVPL's revenues to witness a growth of ~5% during FY2016-17 as the production was discontinued due to maintenance work and the company could operate for only ten months in FY2015-16. The profitability is expected to be in line with the previous fiscal. However, ICRA expects FVPL's working capital intensity to remain high because of high inventory holding and stretched receivables. Further the company's ability to scale up the operations by improving capacity utilization would be key rating parameters.

Company Profile

Incorporated in 2010, Famous Vitrified Private Limited (FVPL) is a private limited company engaged into manufacturing of vitrified tiles of size 600mm X 600mm which finds wide application in commercial and residential buildings. FVPL is promoted by four directors i.e. Mr. Sanjiv Sanaria, Mr. Ashvin Godhasara, Mr. Hiren Kanani and Mr. Rajesh Patel with a long experience in the ceramic business through its group concern Famous Ceramic Industries and Uttam Ceramics Private Limited.

The manufacturing facility is located in Morbi, Gujarat and operates in two shifts of 12 hours each with current installed capacity of 54000 Metric Tons Per Annum (MTPA). The company markets its tiles under the brand name of “Famous Vitrified” and “Isotop”

Recent Results

During FY15, FVPL reported an operating income of Rs. 54.84 crore with net profit of Rs.0.26 crore against operating income of Rs. 46.67 crore with net profit of Rs. 0.65 crore. In FY16 the company reported an operating income of Rs. 41.97 crores with an operating profit (OPBDITA) of Rs. 5.24 crore.

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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.



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