

Win Max Ceramic Private Limited

Instrument	Amount Rated	Rating Action
Cash Credit	Rs 6.00 crore	[ICRA]B reaffirmed
Term Loan	Rs 5.00 crore	[ICRA]B reaffirmed
Bank Guarantee	Rs 1.50 crore	[ICRA]A4 reaffirmed

ICRA has reaffirmed the [ICRA]B (pronounced ICRA single B) rating assigned to the Rs. 6.00 crore¹ cash credit facility and Rs. 5.00 crore term loan facility of Win Max Ceramic Private Limited (WCPL). ICRA has also reaffirmed the [ICRA]A4 (pronounced ICRA A four) rating assigned to the Rs. 1.50 crore short-term non-fund based facility of WCPL².

Rating Rationale

The ratings reaffirmation continues to factor in WCPL's small scale of operation with the de-growth in operating income during FY2016 resulting from a decline in sales volumes, following adverse market conditions and stiff competition in the ceramic industry as well as the weak financial profile, characterised by net losses during FY2015, adverse capital structure and weak debt protection metrics. The ratings are further constrained by the highly fragmented nature of the tiles industry, which results in intense competitive pressures, the cyclical nature of the real estate industry, which is the main consuming sector and exposure of the firm's profitability to volatility in raw material and gas prices. The ratings also take into account the highly competitive domestic ceramics industry with the presence of large established organised tile manufacturers as well as unorganised players in Morbi (Gujarat), resulting in limited pricing flexibility.

The ratings, however, favourably factor in the experience of the promoter in the ceramics industry, the firm's competitive advantage in raw material procurement, on account of its favourable location in Morbi, a tile-manufacturing hub. The ratings also factor in the benefit from the presence of group companies in other tile segments, which supports the marketing and sales of the company's products.

ICRA expects WCPL's revenues to witness growth in FY2017 following favourable government policies, which are expected to support growth in the tile industry. The profitability is, however, expected to improve in the coming years on account of a decline in gas prices, which is the major consumable.

The firm's ability to increase the scale of operations, along with an improvement in profit margins and efficient working capital management will be some of the key rating sensitivities.

Company Profile

Incorporated in June 2013, Win Max Ceramic Private Limited (WCPL) was engaged in manufacturing of digital ceramic wall tiles with its production facility located near Morbi, Gujarat. From June 2015, the company has changed its product profile and started manufacturing vitrified parking tiles in single size of 12" X 12". The plant currently has installed capacity of manufacturing ~8,000 boxes of vitrified parking tiles per day. The company is promoted by Panara and Baraiya families who have long experience in ceramic industry by way of their association with other related companies.

Recent Results

For the year ended on March 31, 2015, the company reported an operating income of Rs. 23.97 crore and net loss of Rs. 0.25 crore as against an operating income of Rs. 14.07 crore and profit after tax of Rs. 0.06 crore for the year ended on March 31, 2014. For financial year ended on March 31, 2016, the company has reported an operating income of Rs. 13.59 crore and profit before tax of Rs. 0.27 crore (as per unaudited provisional financials).

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¹ 100 lakhs = 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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