

Saimax Ceramic Private Limited

Instrument	Amount	Rating Action
Fund-based – Cash Credit	Rs. 4.00 crore	[ICRA]B+; re-affirmed
Fund-based – Term Loan	Rs. 4.05 crore	[ICRA]B+; re-affirmed
Non-fund Based – Bank Guarantee	Rs. 2.75 crore	[ICRA]A4; re-affirmed

ICRA has re-affirmed the **[ICRA]B+** (pronounced ICRA B plus) rating to the Rs. 8.05-crore¹ long-term based facility of Saimax Ceramic Private Limited (SCPL)². ICRA has also re-affirmed the [ICRA]A4 (pronounced ICRA A four) rating for the Rs. 2.75-crore Bank Guarantee (BG) facility of SCPL.

The ratings reaffirmation continues to be constrained by SCPL's modest scale of operation and decline realisation on account of a slowdown in ceramic wall tiles, resulting in a decline in operating income by around 16% during FY2016. The ratings also take into account the highly competitive nature of the ceramic tile industry and the vulnerability of SCPL's profitability to the cyclicity associated with the real estate industry and to the adverse movements in prices of key input materials and availability of gas as well as coal. Further, the susceptibility of operations to intense competition with the presence of a large number of established, organised and unorganised, tiles manufacturers in addition to its stretched receivables, all add to its vulnerability.

However, longer credit from suppliers kept the working capital intensity at modest level as on FY2016 year end.

The ratings, however, favourably takes into consideration the experience of the key promoters of Saimax - Ceramic Private Limited (SCPL) - in the ceramic industry as well as the locational advantage, which entails easy availability of raw material by virtue of its being situated in Morbi (Gujarat). The ratings also favourably consider the comfortable gearing levels in the past five fiscals, leading to a healthy capital structure and a strong capital base.

ICRA expects SCPL's revenues to remain modest in line with its past performance. The profitability of the company would remain vulnerable to fluctuations in the prices of raw materials and its ability to pass on the same to its customers in a timely manner, given the competitive scenario pressurising margins. However, using coal-based gasifier and fall in prices of PNG will improve the operational profitability of the company. ICRA also expects SCPL's working capital intensity to remain high, because of stretched receivables; however, availability of longer credit from suppliers gave comfort to the liquidity position

Company Profile

Established in 2011, Saimax Ceramic Private Limited (SCPL) is a private limited company managed by Mr. Nitin D. Shirvi and Mr. Kalpesh M. Rangpariya. SCPL is into manufacturing of digitally-printed ceramic wall tiles with its plant situated at Morbi, Gujarat. The company has an instated capacity to manufacture 40000 metric tonnes of ceramic wall tiles per annum in four different sizes like 10"X13", 10"X15", 10"X10" and 18"X12".

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.



Recent Results

During FY2016, SCPL reported an operating income of Rs. 32.0 crore with a net profit of Rs. 0.4 crore, as against an operating income of Rs. 38.2 crore with net profit of Rs. 0.3 crore in FY2015.

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