

July 05, 2017

## Yashveer Ceramics

### Summary of rated instruments

Instrument <sup>^</sup>	Rated Amount (in Rs. crore)	Rating Action
Fund-based Limits	8.25	[ICRA]B (Stable); reaffirmed
Non-fund based Limits	2.00	[ICRA]A4; reaffirmed
<b>Total</b>	<b>10.25</b>	

\*Issuer did not co-operate; based on best available information.

<sup>^</sup> Instrument details captured under Annexure-1

### Rating action

ICRA has reaffirmed the long-term rating of [ICRA]B (pronounced ICRA B)<sup>1</sup> on the Rs. 3.00 crore<sup>2</sup> cash credit facility and the Rs. 5.25 crore term loans facility of Yashveer Ceramics (YC). ICRA has reaffirmed the short-term rating of [ICRA]A4 (pronounced as ICRA A four) on the Rs. 2.00 crore non-fund based bank guarantee facility of YC. The outlook on the long-term rating is 'Stable'.

### Rationale

The rating action is based on the best available information. As part of its process and in accordance with its rating agreement with YC, ICRA has been trying to seek information from the company so as to undertake a surveillance of the ratings and also had sent repeated reminders to the company for payment of surveillance fee that became overdue, but despite repeated requests by ICRA, the company's management has remained non-cooperative. In the absence of requisite information, ICRA's Rating Committee has taken a rating view based on best available information. In line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's rating is now denoted as: "[ICRA]B (Stable)/A4 ISSUER NOT COOPERATING". The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited or no updated information on the company's performance since the time it was last rated.

### Key rating drivers

#### Credit strengths

- Experience of key promoters in the ceramic industry
- Firm's location in Morbi, India's ceramic hub provides easy access to raw material sources

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

<sup>2</sup> 100 lakh = 1 crore = 10 million

**Credit weaknesses**

- Vulnerability of profitability and cash flows to cyclicalities inherent in the real estate industry, which is the main consuming sector
- Vulnerability of profitability to availability and increasing prices of gas, as gas is its major source of fuel
- Competitive business environment with presence of large established organized tile manufacturers as well as unorganized players
- Partnership firm; any substantial withdrawals from capital account would impact the net worth and thereby the gearing level

**Description of key rating drivers:**

Yashveer Ceramic (YC) is engaged in manufacturing of wall tiles with its plant situated at Morbi, Gujarat. The firm was established in 2010 and the commercial production of wall tiles commenced in May 2011. It manufactures wall tiles having sizes of 18"x12" and 12"x24". Raw material and power & fuel cost constitutes major proportion to the total cost. Hence, availability of cheaper raw material and fuel can command price competitiveness over its peers. Yashveer Ceramic sells its products through a network of dealers/ distributors present across the country that caters to both retail and the institutional customers. It markets its product under the brand name of 'Yashveer'. YC is predominantly a domestic player with bulk of the volumes coming from the domestic retail market. The company's presence in the highly fragmented ceramic industry, which is characterised by intense competition, limits its pricing flexibility. This in turn reduces the firm's ability to effectively pass on the increase in raw material prices to customers.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

**Links to applicable criteria:**

**Corporate Credit Ratings: A Note on Methodology**

**About the company:**

Yashveer Ceramic (YC) is a wall tiles manufacturer with its plant situated at Morbi, Gujarat. The firm was established in 2010, and commenced commercial operations from May 2011. Yashveer Ceramics is promoted by Mr. Vipul Patel having 10 years of experience in ceramic industry along with other partners. It currently manufactures wall tiles of sizes 18"x12" and 12"x24" with the current set of machineries and production facilities.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:**
**Table:**

S. No.	Instrument	Current Rating (2018)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2017	Date & Rating in FY2016	Date & Rating in FY2015
					<b>July 2017</b>	-	<b>January 2016</b>	<b>January 2015</b>
1	Cash Credit	Long Term	3.00	N.A.	[ICRA]B (Stable)	-	[ICRA]B	[ICRA]B+
2	Term Loan	Long Term	5.25	N.A.	[ICRA]B (Stable)	-	[ICRA]B	[ICRA]B+
3	Bank Guarantee	Short Term	2.00	N.A.	[ICRA]A4	-	[ICRA]A4	[ICRA]A4

**Complexity level of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

**Annexure-1**  
**Instrument Details**

<b>Instrument</b>	<b>Date of Issuance / Sanction</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Amount Rated (Rs. crore)</b>	<b>Current Rating and Outlook</b>
Cash Credit	-	-	-	3.00	[ICRA]B (Stable)
Term Loan I	December 2011	-	December 2017	4.00	[ICRA]B (Stable)
Term Loan II	December 2012	-	June 2018	1.25	[ICRA]B (Stable)
Bank Guarantee	-	-	-	2.00	[ICRA]A4

Source: Yashveer Ceramics

## Contact Details

### Analyst Contacts

**Subrata Ray**  
+91 22 2433 1086  
[subrata@icraindia.com](mailto:subrata@icraindia.com)

**Suprio Banerjee**  
+91 22 6114 3443  
[supriob@icraindia.com](mailto:supriob@icraindia.com)

**Megha Bansal**  
+91 79 4027 1541  
[megha.bansal@icraindia.com](mailto:megha.bansal@icraindia.com)

**Darshan Shah**  
+91 79 4027 1561  
[darshan.shah@icraindia.com](mailto:darshan.shah@icraindia.com)

### Relationship Contact

**Jayanta Chatterjee**  
+91 80 4332 6401  
[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

About ICRA Limited:

**ICRA Limited** was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500