



Rating Rationale

Ramoji Granite Private Limited

20th November 2017

Brickwork Ratings reaffirms the ratings for the enhanced Bank Loan Facilities of Rs. 21.90 Crores (INR Twenty One Crores and Ninety Lakhs Only/-) enhanced from Rs. 19.00 Crores (INR Nineteen Crores Only/-) of Ramoji Granite Private Limited

Particulars

Facilities	Previous Limit (Rs. in Crores)	Present Limit (Rs. in Crores)	Term	Previous Rating (June-2017)	Present Rating
Fund Based	15.00	17.90	Long Term	BWR BB (Pronounced as BWR Double B) (Outlook:Stable)	BWR BB (Pronounced as BWR Double B) (Outlook:Stable) (Reaffirmation)
Cash Credit	15.00	15.00			
Term Loan	0.00	2.90			
Non Fund Based	4.00	4.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) (Reaffirmation)
Bank Guarantee	4.00	4.00			
Total (FB+NFB)	19.00	21.90	Twenty One Crores and Ninety Lakhs only		

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial up to FY17, Provisional financial up to H1FY 18, projected financial up to FY19 of Ramoji Granite Pvt Ltd and Overseas publicly available information/clarification provided by the company's management.

The rating review factors, by the experience of the promoter in the ceramic/granite industry, moderate scale of operations, long standing relations with customer and the promoter's ability to infuse equity capital. However, the rating remains constrained due to susceptibility of profitability to the volatility in the raw material prices, low profitability margins, fragmented industry due to many organized and unorganized players in the industry.

Going forward, the company's ability to achieve projected revenues, improving profitability margins and effectively manage its working capital requirement would be key rating sensitivities for the company.



Analytical Approach:

RGPL is rated as a stand-alone company and the criteria referred to are given below.

Key Rating Drivers

Experienced Promoters: The promoters of the company are engaged in Ceramic business from more than two decades. In this business long track record and established reputation are considered positive.

Moderate Scale of Operation: Despite of shifting business concentration towards the premium product manufacturing rather than uses of Nano Technology Company has maintain moderate scale of operation. Economic slowdown may hamper domestic as well as global demand for textile products.

Long Standing Relationship with Customers: Company's promoters are having long standing relationship with customer hence they are dealing with same company since long.

Raw Material Price Volatility: Raw material prices depend upon demand and supply situation in the industry. Currently raw material prices are volatile and it indirectly affects the profitability.

Low profitability margins: The operations of the company are working capital intensive considering the moderate level of inventory and receivables levels, and consequent utilization of their working capital limits. Higher utilisation of limits leads to increase in finance cost.

Industry Risk: Industry Risk relating to ceramics is considered moderate, due to the nature of its operations, and also because this is considered a niche business. The company has to cater in highly competitive environment.

Rating Outlook: Stable

BWR believes the **Ramoji Granite Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ramoji Granite Private Limited is a Private Limited Company, incorporated in 2003. The company is engaged in manufacture Ceramic Vitrified Tiles. These products are mainly used in residential buildings, commercial complexes, hospitals, hotels, Malls etc. Company has established its manufacturing project at Survey No. 61, Sartanpar, Matel Road, 8 – A National Highway, Wankaner, Morbi, Gujarat and set up a plant for manufacturing Double Charged Vitrified Tiles.



The company is promoted by Mr. Ramjibhai Becharbhai Kundariya along with Mr. Rajeshbhai Ramjibhai Kundariya, Mr. Maheshbhai Ramjibhai Kundariya, Mr. Bhagvanjibhai Chhaganabhai Kundariya, Mr. Virjibhai Chhaganabhai Kundariya. Promoters and the team of management are having experience of more than two decades in industry.

Company Financial Performance

Total Operating income has declined to Rs. 72.32 Crores in FY17 against Rs. 93.85 Crores in FY16. Operating profit levels was Rs. 6.55 Crores in FY17 against Rs. 7.97 Crores in FY16. The net profit stood at Rs. 0.12 Crores in FY17 against Rs. 1.13 Crores during FY 16. Decline in revenue and profit was due to concentration towards the premium product manufacturing rather than uses of nano technology. The net-worth of the Company stood at Rs. 24.83 Crores as on FY17 as compared to Rs. 21.74 Crores as on FY16

Key Financial figures:

Particulars (Rs. In Crores)	31-Mar-16	31-Mar-16	31-Mar-17
	Audited	Audited	Audited
Total Operating Income	88.06	93.85	72.32
OPBDIT	7.84	7.97	6.55
PAT	0.22	1.13	0.12
Tangible Net Worth	21.83	24.71	24.83
Total Debt:TNW (Times)	1.40	1.35	1.45
Current Ratio (Times)	1.38	1.44	2.53

Rating History for the last three years

S n	Instrument/Facility	Current Rating (Year 2017)			Rating History			
		Type	Amount (Rs Crs)	2017	12 th April 2016	2015	2014	
1	Fund Based	Long Term	17.90	BWR BB (Stable) Reaffirmed	BWR BB (Stable) (June 17)	BWR BB (Stable)	NA	NA
2	Non Fund Based	Short Term	4.00	BWR A4 Reaffirmed	BWR A4 (June 17)	BWR A4	NA	NA
	Total		21.90	Twenty One Crores and Ninety Lakhs only				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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