Rating Rationale

Vibrant Laminate Pvt. Ltd

21 Jun 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 15.16 Crores of Vibrant Laminate Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund Based Cash Credit	7	Long Term	**BWR BB-** **(Pronounced as BWR Double B Minus)** Outlook: Stable
Term Loan	7.16		
Non Fund based Bank Guarantee	1	Short Term	**BWR A4** **(Pronounced as BWR Single A Four)**
Total	15.16	INR Fifteen Crores Sixteen Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the Firm upto FY18, provisional financials of FY19, publicly available information and information/clarifications provided by the management.

The rating draws strength from the extensive experience of management and moderate debt protection metrics and tangible net worth. The rating, however, is constrained by small scale of operations, highly competitive industry and dependency on real estate sector.

Going forward, the ability of the firm to improve its scale of operations, sustaining profitability margins, capital infusion in the business, improving gearing levels and overall financial risk profile shall be the key rating sensitivities.

Description of Key Rating Drivers
Credit Strengths: ● **Extensive experience of management:** Mr. Somil Matanhelia, Mr. Ashok Kumar Matanhelia, Mr. Rajesh Kumar Agarwal and Mr. Shobhit Matanhelia are the directors of the company. They are well qualified and hold cumulative experience of decades in the industry.. Their experience and knowledge has helped the company in maintaining long term relationship with their clients. ● **Moderate tangible net worth and debt protection metrics:** The tangible net worth of the company stood moderate at Rs. 4.75 Cr. in FY18. The debt protection metrics is also moderate with an ISCR of 1.32 times and DSCR of 1.21 times in FY18.
Credit Risks: ● **Small scale of operations:** In FY18 the total operating income of the company was Rs. 17.33 Cr., which has further increased to Rs. 26.81 Cr. as per the FY19 provisional financials. However, looking at the industry the scale of operations of the business is moderate. ● **Highly competitive industry:** The decorative laminates market is competitive and the company faces intense competition from large organised and small unorganised players. Key large organised players include Greenlam Industries Limited, Merino Industries Limited and Century Plyboards India Limited. Being a new entrant, the average realisations remain lower than the larger players and also the revenues and profitability are constrained due to competition from unorganised players. ● **Dependency on real estate sector:** The business operations of the company are highly dependent on the real estate sector. Any adverse movement in the real estate sector will directly affect the revenues of the company.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Vibrant Laminate Pvt. Ltd** 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

Vibrant Laminate Private Limited (VLPL) is a Private company incorporated on 13 April 2016 by Mr. Somil Matanhelia, Mr. Ashok Kumar Matanhelia, Mr. Rajesh Kumar Agarwal and Mr. Shobhit Matanhelia. The company is engaged in manufacturing of products of wood, cork, straw and plaiting material. AURA MICA are an all-new offerings of the company. AURA MICA sheets are made from imported design 'A Grade Kraft paper. The product has been specially designed to make high quality

furniture like cupboards, shelves, kitchen cabinet, business offices, partition, panels, makeshift ceilings and domestic interior. Panaash, Aura Mica & Aura Door are the brands of the company.

Company's Financial Performance

In FY18 the total operating income of the company was Rs. 17.33 Cr., which has further increased to Rs. 26.81 Cr. as per the FY19 provisional financials. In FY18, the company has incurred a loss of Rs. 0.93 Cr. However, the depreciation is Rs. 1.86 Cr. Thus, the company is not incurring any cash loss in FY18. Further, as per FY19 provisional financials the company has earned a Net Profit of Rs. 0.04 Cr. (Cash Profit of Rs.1.73 cr). The tangible net worth of the company stood moderate at Rs. 4.75 Cr. in FY18. The debt protection metrics is also moderate with an ISCR of 1.32 times and DSCR of 1.21 times in FY18. The operating profit margin was moderate at 11.60%, however, due to the loss incurred the net profit margin was -5.34% in FY18. The liquidity position is average with a current ratio of 1.21 times in FY18.

Key Financial Indicators

Key Parameters	**Units**	**2019**	**2018**
Result Type		**Provisional**	**Audited**
Operating Revenue	₹ Cr	26.81	17.33
EBITDA	₹ Cr	3.41	2.01
PAT	₹ Cr	0.04	-0.93
Tangible Net worth	₹ Cr	5.81	4.75
Total Debt/Tangible Net worth	Times	3.16	3.39
Current Ratio	Times	1.35	1.21

Rating History for the last three years

S.No	**Instrument /Facility**	**Current Rating (Jun 2019)**			**Rating History**		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1	**Fund Based Cash Credit**	Long Term	7	**BWR BB- (Pronounced as BWR Double B Minus)** Outlook: Stable	**N/A**		
2	**Term Loan**		7.16				
3	**Non Fund based**	Short Term	1	**BWR A4 (Pronounced as BWR Single A**			

	Bank Guarantee			**Four)**	
	Total		**15.16**	**₹ Fifteen Crores Sixteen Lakhs Only**	

Status of non-cooperation with previous CRA (if applicable)- Since the company has not provided the requisite information for monitoring of rating to CARE Ratings, their rating has been published under "Issuer Not Cooperating" on 08 Feb 2019.

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Debt**

Analytical Contacts	Investor Contacts
Satvinder Kumar Gakhar Associate Director - Ratings B :+91 11 2341 2232 satvinder.g@brickworkratings.com **Navnica Mishra** Ratings Analyst B :+91 11 2341 2232 navnica.m@brickworkratings.com	**Satish Nair** Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 satish.n@brickworkratings.com
1-860-425-2742	

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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