

Press Release

Rajasthan Digital Tiles Private Limited

September 28, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 11.50 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE B-**' (**read as ACUITE B minus**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 11.50 crore bank facilities of Rajasthan Digital Tiles Private Limited (RDTPL). The outlook is '**Stable**'.

RDTPL was established in 2013 at Jaipur (Rajasthan) by Mr. Virendra Pal Singh, Mr. Rajeev Bahuguna and Mr. Nawal Singh. The company is engaged in manufacturing of ceramic tiles and digital tiles. The manufacturing facility is located in Rajasthan with installed capacity of 8,000 boxes tiles per day and utilise around 100 percent of its capacity.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of RDTPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced promoters**

RDTPL was established in May 31, 2013. The company commenced commercial operations in May 2014. The promoters have more than a decade of experience in the aforementioned line of business through their proprietorship firm.

Weaknesses

- **Small scale of operations**

The scale of operations as marked by operating revenue has remained subdued at Rs.33.49 crore in FY2018 (Provisional) as compared to Rs.28.62 crore in FY2017. This level of operating income is at 100 percent capacity utilization. The company is foreseeing a capital expenditure of approximately Rs.4.00 crore which would double the capacity of production.

- **Working capital intensive nature of business**

RDTPL has intensive working capital requirement as marked by Gross Current Asset (GCA) days of 222 in FY2018 (Provisional) as compared to 211 in FY2017 mainly on account of increased inventory holding. Creditor days have increased from 160 in FY2017 to 200 in FY2018 (Provisional). Average utilisation of cash credit facility is above 90 percent.

Outlook: Stable

Acuité believes that the outlook on RDTPL will remain 'Stable' over the medium term on account of the experienced management. The outlook may be revised to 'Positive' if the company registers growth in operating income while maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of further deterioration of its working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	33.49	28.62	15.07
EBITDA	Rs. Cr.	3.94	2.16	1.81
PAT	Rs. Cr.	1.34	-0.52	-3.01
EBITDA Margin	(%)	11.76	7.56	11.98
PAT Margin	(%)	4.00	-1.82	-19.99
ROCE	(%)	11.50	8.55	2.41
Total Debt/Tangible Net Worth	Times	1.35	1.52	1.92
PBDIT/Interest	Times	2.40	1.84	0.93
Total Debt/PBDIT	Times	3.22	4.06	11.97
Gross Current Assets (Days)	Days	222	211	294

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
12-Apr-2016	Cash Credit	Long Term	8.00	ACUITE B- / Stable (Assigned)
	Packing Credit	Short Term	1.00	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	2.00	ACUITE A4 (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE B- / Stable (Reaffirmed)
Packing Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Reaffirmed)

Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A4 (Reaffirmed)
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About Acuité Ratings & Research:

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