

Press Release

Vittoria Designs Private Limited

January 29, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn its long-term rating of '**ACUITE B+** (read as **ACUITE B plus**) on the Rs. 20.00 crore bank facilities of VITTORIA DESIGNS PRIVATE LIMITED (VDPL). The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating.

The rating is being withdrawn on account of request received from the company and NOC from the Bankers.

Rajkot based, Vittoria Designs Private Limited was incorporated in 2014 by Mr. Dhiren Shah, Mr. Bharat Chovatia and Mr. Somesh Malik. The company is engaged in manufacturing of hardware fittings marketed under the brand name of 'Vittoria' and 'Valencia' and 'Agua'.

Analytical Approach

Acuité has considered standalone business and financial risk profile of the company to arrive at the rating.

Key Rating Drivers

Strengths

- **Extensive experience of promoters:**

The company is promoted by Mr. Dhiren Shah, Mr. Bharat Chovatia and Mr. Somesh Malik. The promoters have extensive experience of more than two decades in hardware industry. The long standing presence of the promoter has resulting in healthy relations with customers and suppliers. The company has signed agreement with a Spanish company, namely, S C Herrajes whereby, VDPL will be using its brand name for two years on royalty payment.

Acuité believes that association with the foreign company will help in growth of VDPL's revenue based on established brand name of S C Herrajes in hardware fittings segment.

- **Moderate financial risk profile:**

VDPL has moderate financial risk profile marked by modest net worth of Rs. 3.86 crore as on March 31, 2019 as compared to Rs. 4.31 crore as on March 31, 2018. The debt to equity stood high at 5.58 times as on March 31, 2019 as compared to 3.28 times as on March 31, 2018. The total debt of Rs. 21.54 crore as on March 31, 2019 includes Rs. 7.21 crore long term debt, Rs. 7.75 crore working capital loan from bank and Rs. 6.57 crore of unsecured loan from promoters. The Debt service coverage ratio (DSCR) stood moderate at 1.58 times as on March 31, 2019 as compared to 1.50 times as on March 31, 2018. The interest coverage ratio stood moderate at 2.78 times as on March 31, 2019 improved from 2.62 times as on March 31, 2018.

Weaknesses

- **Highly competitive and fragmented industry:**

The company operates in highly competitive and fragmented industry marked by presence of several organised and unorganised players operating with the area leading to stiff competition and pricing pressure.

• **Working capital intensive nature of operations:**

The operations are working capital intensive in nature marked by high gross current asset (GCA) of 193 days for FY2019 as compared to 189 days for FY2018. The high GCA days emanates from high debtor and inventory days. The debtor stood at 69 days for FY 19 as compared to 112 days for FY 18 and inventory stood at 51 days for FY19 as compared to 87 days for FY 18. Further, the unsecured loans from promoters are expected to be withdrawn gradually over the period of twelve months which will further increase pressure on working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	34.77	23.51
PAT	Rs. Cr.	0.22	0.16
PAT Margin	(%)	0.77	0.67
Total Debt/Tangible Net Worth	Times	5.58	3.28
PBDIT/Interest	Times	2.78	2.62

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.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
28-Jan-2019	Cash Credit	Long Term	4.00	ACUITE B+/Stable (Assigned)
	Term Loans	Long Term	3.89	ACUITE B+/Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	12.11	ACUITE B+/Stable (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	4.00	ACUITE B+ (Withdrawn)
Term loans	Not Applicable	Not Applicable	Not Applicable	3.89	ACUITE B+ (Withdrawn)
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	12.11	ACUITE B+ (Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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