



**Press Release**  
**VINTAGE TILES PRIVATE LIMITED**  
**January 29, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	42.00	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	8.00	-	ACUITE A3   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) to the Rs.50.00 crore bank facilities of Vintage Tiles Private Limited (VTPL). The outlook is ‘**Stable**’.

**Rationale for Rating**

The rating reaffirmation considers the moderation in the operating performance of the company. Also, the rating factors in the extensive experience of management and established track record of operations. The rating also derives strength from the support company has received from its parent i.e. Somany Ceramics Limited (SCL). The rating is however constrained by the company’s below average financial risk profile and highly competitive and cyclical nature of end user industry.

**About the Company**

Incorporated in 2010, Gujarat based, Vintage Tiles Private Limited (VTPL) is engaged in manufacturing of double charge vitrified tiles. Promoted and managed by Mr. Jayant Patel along with his sons Mr. Nirav J Patel and Mr. Rajan J Patel., VTPL has its manufacturing facility located at Bhadiyad, Morbi, Gujarat with an installed capacity of 101260 Sq meters. Somany Ceramics Limited (SCL) holds 50 percent stake in VTPL as on March 31, 2024.

**Unsupported Rating**

ACUITE BB/Stable/A4+

**Analytical Approach**

Acuite has considered standalone business and financial risk profile of VTPL and has notched up the standalone rating of VTPL by factoring in the operational and financial support extended by SCL to VTPL.

**Key Rating Drivers**

**Strengths**

**Experienced management and long track record of operations**

Incorporated in 2010, VTPL is engaged in manufacturing of double charge vitrified tiles. The company is promoted and managed by Mr. Jayant Kumar J Patel along with his sons Mr. Nirav J Patel and Mr. Rajan J Patel. Mr. Jayant Patel possesses over thirty years of industry experience, while both his sons have been associated with the ceramics industry for more than a decade. The promoters are ably supported by a team of qualified and experienced senior management team and mid-level managers. The team also includes representatives from SCL.

The Board of VTPL includes two nominee directors while the technical team of VTPL also includes representatives of SCL. Acuité believes that VTPL will continue to benefit from its experienced management and long track record of operations over the medium term.

#### **Support from Parent Company**

As on date SCL holds 50 percent stake in VTPL. In the year 2012, SCL increased its stake in VTPL from 25 percent earlier and supported VTPL in expansion of its production capacity. VTPL has its installed capacity of manufacturing 10000 boxes per day. Also, the entire output of VTPL is sold to SCL which in turn markets it under its brand 'Somany'. Further, the Board of VTPL includes two nominee directors of SCL and technical team of VTPL also comprises of representatives of SCL. Acuite believes that VTPL will continue to benefit from the support and benefits it derives from its parent company over the medium to long term.

### **Efficient Working capital management**

The operations of the company are working capital efficient marked by moderate GCA days of 77 days for FY2024 as against 96 days for FY2023. The GCA days are reflected by moderate inventory levels of 40 days for FY2024 as compared against 68 days for FY2023. The debtor days are at 34 days for FY2024 as against 26 days for FY2023. The creditor days of the company stood at 85 days for FY2024 as against 130 days for FY2023. The company gets a credit period of 60 to 90 days from its suppliers. Further, SCL extended credit period of 75 days to VTPL. The average utilization of the fund-based of the company remained low at 55.69 percent for last twelve months ended December 2024. Acuite believes, that working capital requirements of the company will remain moderate over the medium term owing to comfortable working capital cycle and buffer in working capital limits.

### **Weaknesses**

#### **Moderation in scale of operations**

The revenue of the company stood at Rs.148.71 crore in FY24 as against Rs.153.89 crore in FY23, decline in operating income in FY24 was due to shut down of the manufacturing unit for about a month for the maintenance purpose. The company has booked revenue of Rs. 101.25 crore till Q3FY25 and estimated revenue of ~160.00 crore in FY25. The operating profit margin of the company improved and stood at 8.53 percent in FY24 as against 7.62 percent in FY23, improvement in margins is due to stabilisation in gas prices and reduced technical support & service cost. Further, company reported operating margin of 9.62 percent till Q3FY25. The PAT margin of the company stood at 0.63 percent in FY24 as against 0.06 percent in FY23.

#### **Below average financial risk profile**

The financial risk profile of the company stood below average marked by moderate net worth, gearing and debt protection metrics. The tangible net worth stood at Rs. 21.68 crore as on 31 March, 2024 as against Rs. 20.39 crore as on 31 March, 2023. The total debt of the company stood at Rs. 28.95 crore includes Rs.4.36 crore of long-term debt, Rs.19.22 crore of short-term debt, and Rs.5.38 crore of CPLTD as on 31 March 2024. The gearing (debt-equity) stood at 1.34 times as on 31 March, 2024 as compared to 1.70 times as on 31 March, 2023. Interest Coverage Ratio stood at 1.87 times for FY2024 as against 1.69 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 0.93 times in FY2024 as against 0.88 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 2.14 times as on 31 March, 2024 as against 2.96 times as on 31 March, 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.19 times for FY2024 as against 0.14 times for FY2023. Acuite believes improvement in VTPL's financial risk profile over the medium term will remain a key rating monitorable.

#### **Intense competition and vulnerability to cyclical in end-user industry**

The ceramic tiles industry is intensely competitive, with many small and large players. Additionally, the industry is fragmented and dominated by the unorganised sector. The competition, intensified in the recent past because of moderation in demand with continued challenges in the real estate sector. Intense competition restricts the profitability, given the limited pricing flexibility.

### **Rating Sensitivities**

Ability to achieve significant improvement in its scale of operations and profitability margin  
Improvement in financial risk profile  
Deterioration in working capital cycle  
Changes in the extent of support received from parent entity

### **Liquidity Position**

#### **Adequate**

VTPL generated net cash accruals of Rs.5.60 Cr. in FY2024 against repayment obligations of Rs.6.60 Cr. for the same period. The gap in funding requirement is met by infusion of funds by promoters. The GCA days of the Company stood at 77 days as on March 31, 2024. The average utilization of the fund-based facilities of the company remained at 55.69 percent for last twelve months ended December 2024. Furthermore, the company maintains cash and bank balances of Rs.0.32 crore as on March 31, 2024. Acuite expects VTPL's liquidity to remain adequate over the medium term on account of track record of timely support by promoters and parent company in the past and expected steady improvement in net cash accruals against repayment obligations over the medium term.

### **Outlook: Stable**

**Other Factors affecting Rating**  
None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	148.71	153.89
PAT	Rs. Cr.	0.93	0.09
PAT Margin	(%)	0.63	0.06
Total Debt/Tangible Net Worth	Times	1.34	1.70
PBDIT/Interest	Times	1.87	1.69

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Nov 2023	Bank Guarantee (BLR)	Short Term	8.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	12.90	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.10	ACUITE BBB-   Stable (Reaffirmed)
10 Aug 2022	Bank Guarantee (BLR)	Short Term	8.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	11.70	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	5.30	ACUITE BBB-   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A3   Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.60	Simple	ACUITE BBB-   Stable   Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	10.40	Simple	ACUITE BBB-   Stable   Reaffirmed

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

<b>Sr. No.</b>	<b>Company name</b>
1	Vintage Tiles Private Limited (VTPL)
2	Somany Ceramics Limited (SCL)

## Contacts

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### About Acuité Ratings & Research

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