

## Vitrag Foam Private Limited

July 10, 2020

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long term Bank Facilities	4.35	<b>CARE B+; ISSUER NOT COOPERATING* (Single B Plus ; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING* (Double B Minus; ISSUER NOT COOPERATING); on the basis of best available information
Short term Bank Facilities	9.18	<b>CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Based on best available information
<b>Total facilities</b>	<b>13.53 (Rupees Thirteen crore and Fifty three lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 04, 2019, placed the rating(s) of Vitrag Foam Private Limited (VFPL) under the 'issuer non-cooperating' category as VFPL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. VFPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated June 12, 2020, June 16, 2020 and June 22, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

The rating assigned to the bank facilities of VFPL have been revised on account of non-availability of requisite information. The ratings also factored in moderate scale of operation with low profitability, deterioration in capital structure and debt coverage indicators in FY19(Audited, refers to period April 01 to March 31). However, ratings derive strengths from experience of promoters with vast track record of operations.

### Detailed description of the key rating drivers

*At the time of last rating on September 04, 2019 the following were the rating strengths and weaknesses. (Updated as per information available from company registrar)*

### Key Rating Weaknesses

#### ***Moderate Scale of operations and low profitability***

VFPL's scale of operation marked by total operating income (TOI) remained moderate at Rs. 41.72 crore in FY19 as against Rs. 40.98 crore during FY18. Further, the profitability although improved marginally on back of improvement in TOI coupled with decrease in material cost, but remained low as marked by PBILDT margin and PAT margin of 2.44% and 1.23% respectively in FY19 against 1.91% and 1.08% respectively in FY18.

#### ***Deterioration in capital structure and debt coverage indicators***

As on March 31, 2019, capital Structure of VFPL deteriorated on back of increase in debt level but remained moderate marked by overall gearing ratio at 1.52 times as against 1.46 times as on March 31, 2018. Consequently, The debt coverage indicators also deteriorated have remained moderate marked by an interest coverage ratio of 1.24 times and Total debt to GCA ratio 9.18x as on March 31, 2019 as against interest coverage ratio of 1.47 times and Total debt to GCA of 7.42x as on March 31, 2018.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

## Key Rating Strengths

### **Experienced promoters**

VFPL is managed Mr Kalpesh Shah, Mr Bhartesh Shah & Mr Manish Shah. Mr Kalpesh Shah has experience of more than a decade into similar line of operations and looks after overall operations with purchase and sales. Mr Bhartesh Shah has experience of more than a decade in the industry and looks after production and quality control. Mr Manish Shah has experience of more than a decade in the industry looks after finance and administrative functions.

### **Long track record of operations**

Established in the year 1995, VFPL has long track record of operations. Over the period it has established marketing and distribution network and has presence in the states such as Rajasthan, Andhra Pradesh, Maharashtra, Uttar Pradesh & Delhi.

**Analytical approach:** Standalone

### **Applicable Criteria**

[Policy in respect of Non Cooperation by Issuer](#)

[Criteria on assigning outlook to credit rating](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios-Non Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

[Short Term Instruments](#)

### **About the Company**

Himmatnagar (Gujarat) based Vitrag Foam Private Limited (VFPL) was incorporated in July 1995 as a private limited company. VFPL is into the business of manufacturing of Polyurathane Foam (P U Foam) and supplier of Mattresses and allied products such as P U Mattresses, Sofa cum Bed, Foam Cushions and Yoga Mats. VFPL markets its products under the brand 'EasySleep'. Currently, VFPL is managed by Mr Kalpesh Shah, Mr Bhartesh Shah & Mr Manish Shah. VFPL operates from its sole manufacturing facility located in Himmatnagar (Gujarat) and has an installed capacity of 3,000 MTPA as on March 31, 2016. VFPL markets its products in the states of Rajasthan, Andhra Pradesh, Maharashtra, Uttar Pradesh & Delhi through 40 distributors network. VFPL also operates three exclusive showrooms in Gujarat to cater to increasing demand for its products.

Brief Financials (Rs. crore)	FY18(A)	FY19 (A)
Total operating income	40.98	41.72
PBILDIT	0.78	1.02
PAT	0.44	0.51
Overall gearing (times)	1.46	1.52
Interest coverage (times)	1.47	1.24

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

## Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	4.35	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	9.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Forward Contract	-	-	-	0.18	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	4.35	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING*	-	1)CARE BB-; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE BB-; ISSUER NOT COOPERATING* (12-Dec-18)	1)CARE BB-; ISSUER NOT COOPERATING* (12-Sep-17)
2.	Non-fund-based - ST-BG/LC	ST	9.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (12-Dec-18)	1)CARE A4; ISSUER NOT COOPERATING* (12-Sep-17)
3.	Non-fund-based - ST-Forward Contract	ST	0.18	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (12-Dec-18)	1)CARE A4; ISSUER NOT COOPERATING* (12-Sep-17)

\*Issuer did not cooperate; Based on best available information

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**