

### Logart Ceramic Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan	7.00	SMERA B/Stable (Reaffirmed)
Cash Credit	3.00	SMERA B/Stable (Reaffirmed)
Bank Guarantee	1.65	SMERA A4 (Reaffirmed)

SMERA has reaffirmed the long term rating of **'SMERA B' (read as SMERA B)** and short term rating of **'SMERA A4' (read as SMERA A four)** on the Rs.11.65 crore bank facilities of Logart Ceramic Private Limited (LCPL). The outlook is **'Stable'**. The ratings continue to be supported by the company's experienced management and locational advantage. However, the ratings are constrained by the nascent stage of operations and intense competition in the ceramics industry. The ratings also note the susceptibility of profit margins to volatility in raw material prices and cyclicity in the end-user industry (real estate).

#### Update

LCPL, incorporated in March 2014, is a Morbi-based company that manufactures glazed ceramic wall tiles. The company benefits from its experienced management. The manufacturing unit is located in proximity to raw-material sourcing unit at Morbi.

LCPL has set up a glazed ceramic wall tile manufacturing unit of Rs.12.55 crore, funded through a term loan of Rs.7.00 crore and equity and unsecured loans of Rs.5.55 crore. The operations commenced in April, 2015 as scheduled.

For FY2015-16 (provisional), LCPL booked revenue of Rs.11.06 crore and net loss of Rs.0.03 crore. The interest coverage ratio (ICR) stood at 2.77 times for FY2016. The company's gearing (debt-equity) stood comfortable at 1.09 times as on March 31, 2016.

#### Rating Sensitivity Factors

- Scaling up of operations while achieving profitability
- Changes in financial risk profile

#### Outlook-Stable

SMERA believes that LCPL will continue to benefit from its promoters experience. The outlook may be revised to 'Positive' in case the company generates higher-than-expected cash accruals from operations. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the debt protection metrics on account of low net cash accruals or higher-than-expected working capital requirements.

#### Criteria applied to arrive at the rating:

- Manufacturing Entities

## About the Company

LCPL, incorporated in March 2014, is a Gujarat-based company engaged in the manufacture of glazed ceramic wall tiles. The company was promoted by Mr. Nileshbhai Detroja, Mr. Manishkumar Bhalodia, Mr. Bharatbhai Panara and Mr. Piyushkumar Fefar. The installed manufacturing capacity is 27,500 metric tonnes per annum.

For FY2015-16 (Provisional), LCPL reported net loss of Rs.0.03 crore on total operating income of Rs.11.06 crore. The net worth stood at Rs.7.75 crore in as on March 31, 2016.

## Rating History

Date	Facilities	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
06 July, 2015	Term Loan	7.00	SMERA B (Assigned)	-	Stable
	Cash Credit	3.00	SMERA B (Assigned)	-	Stable
	Bank Guarantee	1.65	-	SMERA A4 (Assigned)	-

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## ABOUT SMERA

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