

Press Release

Logart Ceramic Private Limited (LCPL)

26 April, 2018



Rating Upgraded and Reaffirmed

Total Bank Facilities Rated*	Rs. 11.65 Cr.
Long Term Rating	SMERA B+/Outlook: Stable (Upgraded from SMERA B/Stable)
Short Term Rating	SMERA A4 (Reaffirmed)

**Refer annexure for details*

SMERA has upgraded the long term rating to **'SMERA B+' (read as SMERA B plus)** from **'SMERA B' (read as SMERA B)** and reaffirmed the 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 upgrade is in view of growth in revenues along with stabilisation of operations and improvement in the working capital operations. SMERA believes going ahead the firm will sustain the growth in revenues and profitability margins over the medium term.

Logart Ceramic Private Limited (LCPL), incorporated in March 2014, is set up to manufacture glazed ceramic wall tiles. LCPL is promoted by four promoters, namely, Mr. Nileshbhai Detroja, Mr. Manishkumar Bhalodia, Mr. Bharatbhai Panara and Mr. Piyushkumar Fefar who look after the entire operations of the company.

Key rating drivers

Strengths

Experienced management

The Directors have more than two decades of experience in the aforementioned line of business.

Moderate financial risk profile

The financial risk profile of LCPL is moderate marked by tangible net worth of Rs.7.96 crore which includes Rs.4.50 crore considered as quasi equity as on 31 March 2017. The gearing ratio stood at 0.95 times as on 31 March 2017 as against 1.11 times as on 31 March 2016. The Interest Coverage Ratio stood at 2.44 times in FY2017 as against 2.52 times in FY2016. The DSCR stood at 1.27 times in FY2017 as against 2.51 times in FY2016.

Locational advantage

LCPL is located at Morbi (Gujarat) - one of the biggest ceramic tiles manufacturing hubs in India.

Weaknesses

Working capital intensive nature of operations

LCPL has working capital intensive nature of operations marked by Gross Current Assets (GCA) of 263 days in FY2017 against 359 days for FY2016. This is mainly on account of debtor days of 161 for FY2017 as against 105 for FY2016 and inventory days of 81 for FY2017 as against 276 for FY2016.

Nascent stage of operations

LCPL commenced commercial operations from FY2016. The firm registered revenue of Rs.18.04 crore in FY2016-17. The revenue in FY2017-18 stood at ~Rs.24.00 crore.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of LCPL to arrive at the rating.

Outlook – Stable

SMERA believes that LCPL will maintain a stable outlook over the medium term on account the experienced management. The outlook maybe revised to “Positive” if the LCPL reports improvement in revenue, margins and liquidity. Conversely, the outlook maybe revised to “Negative” with significant decline in revenue and margins or further decoration in working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	18.04	10.90	NA
EBITDA	Rs. Cr.	2.91	2.83	(0.06)
PAT	Rs. Cr.	(0.03)	(0.15)	(0.06)
EBITDA Margin	(%)	16.11	25.93	NA
PAT Margin	(%)	(0.19)	(1.36)	NA
ROCE	(%)	7.82	7.41	(0.97)
Total Debt/Tangible Net Worth	Times	0.95	1.11	0.97
PBDIT/Interest	Times	2.44	2.52	NA
Total Debt/PBDIT	Times	2.53	2.95	NA
Gross Current Assets (Days)	Days	263	359	NA

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

None

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument
<https://www.smera.in/criteria-complexity-levels.htm>
Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
24-Feb-2018	Cash Credit	Long Term	3.00	SMERA B (Issuer not Co-operating)
	Term Loan	Long Term	7.00	SMERA B (Issuer not Co-operating)
	Bank Guarantee	Short Term	1.65	SMERA A4 (Issuer not Co-operating)
19-Dec-2016	Cash Credit	Long Term	3.00	SMERA B/ Stable (Reaffirmed)
	Term Loan	Long Term	7.00	SMERA B/ Stable (Reaffirmed)
	Bank Guarantee	Short Term	1.65	SMERA A4/ Stable (Reaffirmed)
06-Jul-15	Cash Credit	Long Term	3.00	SMERA B/ Stable (Assigned)
	Term Loan	Long Term	7.00	SMERA B/ Stable (Assigned)
	Bank Guarantee	Short Term	1.65	SMERA A4/ Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA B+ / Stable (Upgraded from SMERA B/Stable)
Term Loan	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA B+ / Stable (Upgraded from

					SMERA B/Stable)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.65	SMERA A4/ Stable (Reaffirmed)

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ABOUT SMERA

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