

Press Release

Umberto Ceramics International Private Limited (UCIPL)

09 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.50.00 Cr
Long Term Rating	SMERA B+/Stable (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) to the Rs.50.00 crore bank facility of Umberto Ceramics International Private Limited (UCIPL). The outlook is '**Stable**'.

UCIPL was incorporated in 2011 by Dr Khatter Massaad, Mr. Sunil Malesha and Mr. Surendra Reddy. The company is engaged in the manufacture of porcelain tableware and sells its products under the 'Ariane' brand name.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The management of the company has more than three decades of experience in the ceramic industry. Dr. Khatter Massaad, the Director was the CEO while Mr. Sunil Malesha, Director was the Managing Director of RAK Ceramics India.

Healthy growth in revenue: The company registered revenue of Rs.60.72 crore for FY2015-16, Rs.17.51 crore for FY2014-15 and Rs.33.34 crore from April to September 2016 (provisional).

Weaknesses:

Weak financial risk profile: The weak financial risk profile is marked by low interest coverage ratio of 0.99 times and DSCR of 0.62 times for FY2015-16. The gearing stood at 2.05 times as on March 31, 2016.

Nascent stage of operations: The operations are at a nascent stage. The commercial operations commenced in September 2014.

Competition from other established players: UCIPL faces intense competition from other established players in the ceramic industry.

Analytical approach: Standalone business and financial risk profile of the company has been considered.

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>

Outlook: Stable

SMERA believes that UCIPL will maintain a stable outlook over the medium term and benefit from its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or working capital management.

About the Company

UCIPL was incorporated in 2011 by Dr Khatter Massaad, Mr. Sunil Malesha and Mr. Surendra Reddy. The company is engaged in the manufacture of porcelain tableware and sells its products under the 'Ariane' brandname.

For FY2015-16, UCIPL reported loss of Rs.9.22 crore on operating income of Rs.60.72 crore as compared to loss of Rs.2.37 crore on operating income of Rs.17.51 crore in FY2014-15. The net worth stood at Rs.45.68 crore as on March 31, 2016 against Rs.41.74 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	20.00	SMERA B+/Stable (Assigned)	N.A	N.A	N.A	N.A	N.A	N.A
Term Loan	LT	17.50	SMERA B+/Stable (Assigned)	N.A	N.A	N.A	N.A	N.A	N.A
Term Loan	LT	12.50	SMERA B+/Stable (Assigned)	N.A	N.A	N.A	N.A	N.A	N.A

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Rating/Outlook
Cash Credit	N.A	N.A	N.A	20.00	SMERA B+/Stable (Assigned)
Term Loan	N.A	N.A	2024	17.50	SMERA B+/Stable (Assigned)
Term Loan	N.A	N.A	2024	12.50	SMERA B+/Stable (Assigned)

Note on complexity levels of the rated instrument:
<https://www.smerra.in/criteria-complexity-levels.htm>
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ABOUT SMERA

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