

## Press Release

### Umberto Ceramics International Private Limited (UCIPL)

25 January, 2017

#### Rating Reaffirmed

<b>Total Bank Facilities Rated*</b>	Rs.87.00 Cr
<b>Long Term Rating</b>	SMERA B+/Stable (Reaffirmed)
<b>Short Term Rating</b>	SMERA A4 (Assigned)

*\*Refer Annexure for details*

#### Rating Rationale

SMERA has reaffirmed long term rating of '**SMERA B+**' (read as **SMERA B plus**) and assigned short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.87.00 crore bank facilities 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' brandname.

#### 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, and Mr. Sunil Malesha, Directors of the company have held senior management positions in the industry.

**Healthy growth in revenue:** The company registered revenue of Rs.60.72 crore for FY2015-16 as compared to Rs.17.51 crore for FY2014-15. Further, the company registered revenue of Rs.33.34 crore for 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 31 March, 2016.

**Nascent stage of operations:** The operations are at a nascent stage. Commercial operations commenced only in September, 2014.

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

**Analytical approach:** SMERA has considered the standalone business and financial risk profiles of the company.

**Applicable Criteria**

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

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. The installed capacity stands at 1 crore pieces per annum.

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 31 March, 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			2017		2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	20.00	SMERA B+/Stable (Reaffirmed)	09 Jan, 2017	SMERA B+/Stable (Assigned)	-	-	-	-	-	-
Term loan I	LT	29.50 (Revised from 17.50)	SMERA B+/Stable (Reaffirmed)	09 Jan, 2017	SMERA B+/Stable (Assigned)	-	-	-	-	-	-
Term loan II	LT	19.50 (Revised from 12.50)	SMERA B+/Stable (Reaffirmed)	09 Jan, 2017	SMERA B+/Stable (Assigned)	-	-	-	-	-	-
Proposed Term loan	LT	2.25	SMERA B+/Stable (Assigned)	-	-	-	-	-	-	-	-
Proposed Cash Credit	LT	5.00	SMERA B+/Stable (Assigned)	-	-	-	-	-	-	-	-
Letter of Credit	ST	5.00	SMERA A4 (Assigned)	-	-	-	-	-	-	-	-
Bank Guarantee	ST	5.75	SMERA A4 (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	N.A	N.A	N.A	20.00	SMERA B+/Stable (Reaffirmed)
Term loan I	N.A	N.A	2024	29.50	SMERA B+/Stable ( Reaffirmed )
Term loan II	N.A	N.A	2024	19.50	SMERA B+/Stable ( Reaffirmed )
Proposed Term loan	N.A	N.A	N.A	2.25	SMERA B+/Stable (Assigned)
Proposed Cash Credit	N.A	N.A	N.A	5.00	SMERA B+/Stable (Assigned)
Letter of Credit	N.A	N.A	N.A	5.00	SMERA A4 (Assigned)
Bank Guarantee	N.A	N.A	N.A	5.75	SMERA A4 (Assigned)

**Note on complexity levels of the rated instrument:**
<https://www.smera.in/criteria-complexity-levels.htm>

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**ABOUT SMERA**

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