

Press Release

Damas Laminates Private Limited

December 20, 2018

Rating Reaffirmed & Assigned



Total Bank Facilities Rated*	Rs. 8.90 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of „**ACUITE B** (read as **ACUITE B**) to the Rs. 7.85 crore bank facilities of Damas Laminates Private Limited (DLPL). The outlook is 'Stable'.

Acuité has assigned long-term rating of „**ACUITE B** (read as **ACUITE B**) to the Rs. 1.05 crore bank facilities of Damas Laminates Private Limited (DLPL). The outlook is 'Stable'.

The Gujarat-based Damas Laminates Private Limited (DLPL), incorporated in November 2015 is engaged in the manufacture of decorative laminates. Promoted by Mr. Kiritkumar Pursottamdas Patel, Mr. Vinodkumar Ratanshibhai Patel and Mr. Vipulkumar Jagdishbhai Patel, the company has installed manufacturing capacity of ~9 lakh sheets per year and caters to the construction industry. The products are used in the interior decoration of homes, offices and hospitals, among others. The commercial production is expected to commence from December 2017.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of DLPL to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced management

The company was promoted by Mr. Kiritkumar Patel, Mr. Vinodkumar Patel and Mr. Vipulkumar Patel who possess experience of over a decade in the trading of plywood, laminates and timber. This has helped the company build long term relations with customers and suppliers.

Weaknesses

• Project implementation risk

Since operations have commence from December 2017, the company is exposed to project off take risk unless operations commence within the time and cost envisaged. Any change related to the same can have adverse implications on the funding profile and liquidity position.

• Intense competition

The company is exposed to intense competition in the laminates industry from several small and large players, limiting its bargaining power with customers.

Outlook: Stable

Acuité believes that DLPL will maintain a stable outlook over the medium term owing to its experienced management and expected increase in scale of operations. The outlook may be revised to 'Positive' in case the company registers more than expected growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of high working capital requirements increasing pressure on margins.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.65	0.00	NA
EBITDA	Rs. Cr.	0.12	0.00	NA
PAT	Rs. Cr.	-0.24	0.00	NA
EBITDA Margin	(%)	19.14	0.00	NA
PAT Margin	(%)	-37.00	0.00	NA
ROCE	(%)	0.68	-0.13	NA
Total Debt/Tangible Net Worth	Times	1.25	0.00	NA
PBDIT/Interest	Times	0.92	0.00	NA
Total Debt/PBDIT	Times	54.01	0.00	NA
Gross Current Assets (Days)	Days	3149	0.00	NA

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

None

Any other information

"Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups"

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-40.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
24-Nov-2017	Cash Credit	Long Term	2.40	ACUITE B / Stable (Assigned)
	Term Loan	Long Term	6.50	ACUITE B / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.40	ACUITE B / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	5.45	ACUITE B / Stable (Reaffirmed)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.05	ACUITE B / Stable (Assigned)

Contacts

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About Acuité Ratings & Research:

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