

Press Release

Tora Sanitary Wares (TSW)

24 April, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 7.10 Cr.
Long Term Rating	SMERA B /Stable (Assigned)

**Refer annexure for details*

Rating Rationale

SMERA has assigned the long term rating of '**SMERA B' (read as SMERA B)** on the Rs. 7.10 crore bank facilities of Tora Sanitary Wares (TSW). The outlook is '**Stable**'.

The Gujarat based, Tora Sanitary Wares (TSW) is a partnership firm established in July, 2017 by Mr. Natwarlal Hansaliya and Mr. Pareshbhai Parshottambhai Fadadu among others. The firm will be manufacturing ceramic sanitary wares items like wash basins and commode seats. The firm will be catering to hotels, malls, commercial and residential buildings. The firm has set up its manufacturing unit at Morbi (Gujarat) and is expected to have an installed capacity of 6,00,000 units per annum.

Key rating drivers

Strengths

Experienced management

The firm was established in July 2017 by Mr. Natwarlal Hansaliya and Mr. Pareshbhai Parshottambhai Fadadu among others who have an experience of over a decade in the ceramic industry. Previously, the partners were involved in trading of sanitary ware products. Going forward, the firm is expected to benefit from the relationship of the partners with the customers and suppliers.

Weaknesses

Project implementation risk

The total project cost of Tora Sanitary Wares is Rs.8.99 crore which is financed by way of partner's funds of Rs.2.50 crore in the form of capital, Rs.0.39 crore in the form of unsecured loans and proposed term loan of Rs.6.10 crore, primarily. The commercial production of the unit is expected to start in July 2018. However, the project is exposed to time and costs overrun risk.

Highly fragmented nature of industry

The firm will be engaged in manufacture of sanitary ware items with moderate competition from unorganized segment. This will lead to low bargaining power over pricing and further would cap the growth and margins of the firm.

Analytical approach:

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

Outlook – Stable

SMERA believes that the outlook on TSW's rated facilities will remain 'Stable' over the medium term on account of the experienced management. The outlook may be revised to 'Positive' in case of timely completion of the project without cost overruns. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	NA	NA	NA
EBITDA	Rs. Cr.	NA	NA	NA
PAT	Rs. Cr.	NA	NA	NA
EBITDA Margin	(%)	NA	NA	NA
PAT Margin	(%)	NA	NA	NA
ROCE	(%)	NA	NA	NA
Total Debt/Tangible Net Worth	Times	NA	NA	NA
PBDIT/Interest	Times	NA	NA	NA
Total Debt/PBDIT	Times	NA	NA	NA
Gross Current Assets (Days)	Days	NA	NA	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)

None

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	6.10	SMERA B/ Stable (Assigned)

Proposed Fund Based Limit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B/ Stable (Assigned)
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ABOUT SMERA

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