

Press Release

Dovel Ceramics

June 02, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 5.22 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 5.22 crore bank facilities of Dovel Ceramics. The outlook is 'Stable'.

Dovel Ceramics (DC) was established as a partnership firm in 2016 by Mr. Pankaj Jetpariya and Mr. Rajesh Jetpariya and others. The firm is engaged in manufacturing of ceramic sanitary ware products such as washbasins, closets, urinals, sinks to name a few. The manufacturing plant of the firm is located in Rajkot (Gujarat) with an installed capacity of 5400 tonnes annually.

Key Rating Drivers

Strengths

- **Proximity to raw materials**

The key raw materials are clay powder, chemicals and gas which are procured from Morbi (Gujarat). DC enjoys location advantage as the manufacturing unit is at close proximity to raw material ensuring a steady supply.

Weaknesses

- **Nascent stage of project**

The operations of the firm commenced in May 2017 and hence are at a nascent stage.

- **Highly fragmented nature of industry**

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

Analytical Approach

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

Outlook: Stable

Acuité believes that the outlook on Dovel Ceramics rated facilities will remain 'Stable' over the medium term backed by its proximity to raw materials. The outlook maybe revised to 'Positive' in case of higher than expected revenue. However, the outlook maybe revised to 'Negative' in case of deterioration in the scale of operations.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	3.64	0.00	0.00
EBITDA	Rs. Cr.	0.94	0.00	0.00
PAT	Rs. Cr.	-0.39	0.00	0.00
EBITDA Margin	(%)	25.77	0.00	0.00
PAT Margin	(%)	-10.58	0.00	0.00
ROCE	(%)	0.87	0.00	0.00
Total Debt/Tangible Net Worth	Times	2.39	0.00	0.00
PBDIT/Interest	Times	2.21	0.00	0.00
Total Debt/PBDIT	Times	6.78	0.00	0.00
Gross Current Assets (Days)	Days	426	0	0

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

Not Applicable

Any other information

Not Applicable

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-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.22	ACUITE A4

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