



Press Release

DUREZA GRANITO PRIVATE LIMITED

August 13, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 32.50 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite 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. 32.50 crore bank facilities of DUREZA GRANITO PRIVATE LIMITED. The outlook is '**Stable**'.

Dureza Granito Private Limited (DGPL) incorporated in 2016 is promoted by Mr. Parth Mansukhbhai Kalola, Mr. Dipakbhai Vrijbhai Likhya, Mr. Roman Mansukhbhai Kalola and Mr. Yashvantkumar Maganlal Vadaviya. DGPL is engaged in manufacturing of Glazed Vitrified Tiles (GVT) and Polished Glazed Vitrified Tiles (PGVT). The manufacturing unit of DGPL is located at Morbi district of Gujarat which is a hub for ceramic industry. The manufacturing unit has installed capacity of 34 Lakh metre square per annum.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the Dureza Granito Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

- Experienced management**

The promoters of the company collectively possess around three decades of experience in the ceramic industry. DGPL benefits from the long standing relations of the promoters with related parties.

- Proximity to raw materials and location advantage**

DGPL's manufacturing unit is located at in Morbi district of Gujarat which accounts for 70 percent of the ceramic items production in India. Hence, the company benefits from proximity to raw materials.

Weaknesses

- Nascent stage of operation**

DGPL was incorporated in 2016 and started its commercial operations in October, 2017. For FY2018 (Provisional), the operations are marked by operating revenue of Rs.12.98 crore for first six months of operation. Further, the installed capacity of 34 lakh square metre was utilised at ~70.00 percent due to limited orders and customer base.

- High competition**

DGPL operates in a highly competitive industry characterised by large number of established and small players affecting its margins and bargaining power with its customers. DGPL being in early stage of operations restricts its market to certain extent.

Outlook: Stable

Acuite believes that Dureza Granito Private Limited will maintain a 'Stable' outlook over the medium term owing to its experienced management and increased demand of product. The outlook may be revised to 'Positive' in case the company registers significant growth in revenue while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability or deterioration in the capital structure and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)
Operating Income	Rs. Cr.	12.98
EBITDA	Rs. Cr.	2.90
PAT	Rs. Cr.	-1.72
EBITDA Margin	(%)	22.36
PAT Margin	(%)	-13.26
ROCE	(%)	-0.74
Total Debt/Tangible Net Worth	Times	4.22
PBDIT/Interest	Times	1.87
Total Debt/PBDIT	Times	10.54
Gross Current Assets (Days)	Days	472

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	21.75	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.25	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4

Contacts

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About Acuité Ratings & Research:

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