

Press Release

Dureza Granito Private Limited

September 23, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs.32.50 Cr.
Long Term Rating	ACUITE B (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has reviewed and withdrawn the long-term rating of '**ACUITE B**' (read as **ACUITE B**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.32.50 crore bank facilities of Dureza Granito Private Limited (DGPL). The rating is in accordance with Acuité's policy on withdrawal of rating and on account of request received from the company and no objection certificate received from banker.

About the company

Dureza Granito Private Limited (DGPL), incorporated in 2016, is a private limited company promoted by Mr. Parth Mansukhbhai Kalola, Mr. Dipakbhai Vrijbhai Likhiya, 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 in Morbi district of Gujarat, which is a hub for ceramic industry.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced management and increasing scale of operations

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. The revenues of the company have improved from Rs.55.99 Cr in FY2019 to Rs.83.82 Cr in FY2020 and Rs.98.45 Cr in FY2021 (Provisional). The profitability margins of the company remained satisfactory at 16.41 percent in FY2019, 11.99 percent in FY2020 and 11.88 percent in FY2021 (Provisional). Acuité believes that the company will continue to sustain its existing business profile on the back of experienced management.

• Moderate financial risk profile

The financial risk profile of the company remained moderate with moderate capital structure and debt protection metrics. The networth of the company stood at Rs.10.43 Cr and Rs.6.23 Cr as on March 31, 2021 (Provisional) and 2020 respectively. The gearing stood at 2.46 times and 5.22 times as on March 31, 2021 (Provisional) and 2020 respectively. Debt protection metrics interest coverage ratio 4.82 times and 2.97 times as on March 31, 2021 (Provisional) and 2020 respectively. Debt service coverage ratio stood at 2.07 times and 1.44 times as on March 31, 2021 (Provisional) and 2020 respectively. TOL/TNW stood at 3.43 times and 8.09 times as on March 31, 2021 (Provisional) and 2020 respectively.

Weaknesses

• Moderate working capital management

The working capital management of the company remained moderately intensive with GCA days of 113 days and 158 days as on March 31, 2021 (provisional) and 2020 respectively. The GCA days improved on account of improvement in inventory days and debtor days. The inventory days stood at 34 days and 59 days as on March 31, 2021 (provisional) and 2020 respectively. The debtor days stood at 76 days and 101 days as on March 31, 2021 (Provisional) and 2020 respectively. The working capital limits remained utilized at 72 percent for the last six months ended July 2021.

• Competitive industry

DGPL operates in a highly competitive industry characterized 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.

Rating Sensitivities

- Any decline in revenue and profitability
- Any further deterioration in working capital management leading to deterioration in financial risk profile and liquidity

Liquidity Position: Adequate

The liquidity position of the company remained adequate with adequate net cash accruals to service debt obligations. The net cash accruals stood at Rs.9.38 Cr for FY2021 (Provisional) as against repayment obligation of Rs.3.27 Cr for the same period. The current ratio of the company stood at 1.02 times as on March 31, 2021 (Provisional). Cash and bank balance stood at Rs.1.74 Cr as on March 31, 2021 (Provisional). Acuite believes that the liquidity profile continues to be adequate, supported by accruals and efficient working capital management.

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY21 (Provisional)	FY20 (Actual)
Operating Income	Rs. Cr.	98.45	83.82
PAT	Rs. Cr.	4.20	0.07
PAT Margin	(%)	4.27	0.08
Total Debt/Tangible Net Worth	Times	2.46	5.22
PBDIT/Interest	Times	4.82	2.97

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

None

Any Material Covenants

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount(Rs. Cr)	Ratings/Outlook
31-Dec-2020	Term Loan	Long Term	21.75	ACUITE B Issuer not co-operating*
	Cash Credit	Long Term	4.00	ACUITE B Issuer not co-operating*
	Proposed Cash Credit	Long Term	3.25	ACUITE B Issuer not co-operating*

	Bank Guarantee/Letter of Guarantee	Short Term	3.50	ACUITE A4 Issuer not co-operating*
07-Oct-2019	Term Loan	Long Term	21.75	ACUITE B Issuer not co-operating*
	Cash Credit	Long Term	4.00	ACUITE B Issuer not co-operating*
	Proposed Cash Credit	Long Term	3.25	ACUITE B Issuer not co-operating*
	Bank Guarantee/Letter of Guarantee	Short Term	3.50	ACUITE A4 Issuer not co-operating*
13-Aug-2018	Term Loan	Long Term	21.75	ACUITE B/Stable (Assigned)
	Cash Credit	Long Term	4.00	ACUITE B/Stable (Assigned)
	Proposed Cash Credit	Long Term	3.25	ACUITE B/Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	3.50	ACUITE A4 (Assigned)

***Annexure – Details of instruments rated**

Lender Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Punjab National Bank	Term Loan	Not Applicable	Not Applicable	Not Applicable	21.75	ACUITE B (Withdrawn)
Punjab National Bank	Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B (Withdrawn)
Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.25	ACUITE B (Withdrawn)
Punjab National Bank	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research:

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