

Rating Rationale

Brickwork Ratings assigns ‘BWR BB-’ & ‘BWR A4’ for Bank Loan Facilities amounting to ₹ 34.00 Cr of Armano Vitrified LLP.

Brickwork Ratings has assigned following **Ratings¹** for the Bank Loan Facilities of Armano Vitrified LLP (‘AVLLP’ or ‘The Company’) as follows:

Facility	Rating Amount (₹ Cr)	Tenure	Rating
Fund Based: Cash Credit Term Loan	9 22	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook:Stable)
Non Fund Based: Bank Guarantee	3	Short Term	BWR A4 (Pronounced BWR A four)
TOTAL	34	INR Thirty Four Crores	

BWR has essentially relied upon projections made and submitted to the bank for appraisal of the project, publicly available information and clarification provided by company’s management.

The rating factors the experience of the promoters in the ceramic industry through associate companies, location advantage of the company and the satisfactory financial projections and projected repayment capacity. The rating is constrained by the project execution risk associated with a Greenfield project, growing share of organised sector at the expense of the unorganised sector, and the likely implementation of GST which is expected to result in lowering of tariff differentials.

Background:

The Company is a Limited Liability Partnership firm, incorporated on 11.05.2016 under Limited Liability Partnership Act, 2008, to establish its project of Twin Charge Vitrified Tiles manufacturing plant at Survey No. 19 & 21 of Village: Virpar, Taluka : Wankaner, Dist : Morbi in Gujarat. The promoters are experienced, successfully running similar line of activity. The promoters propose to utilise the marketing network of the existing associate units to market the product.

Project Details:

The project has an installed capacity of 76500 MTS. The unit is to commence commercial production from April 2017. The capacity utilisation has been assumed at 65% for the 1st year, going up to 85% in the 5th year. The cost of the project has been assumed at Rs.42.20 Crs and is to be funded by Bank borrowings of Rs 22.00 Crs, promoter’s contribution of Rs 15.20 crs and unsecured loans of Rs 5.00 Crs.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook:

The outlook of the firm is expected to be stable in the near term. Going forward the company's ability to comply with the COD, successfully utilise the associate's existing network to market the products and achieve the projected sales and profitability would be key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.