

Rating Rationale

Astila Ceramic Pvt Ltd

25 April 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Astila Ceramic Pvt Ltd. ('ACPL' or 'The Company')

Particulars:

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based: Cash Credit Term Loan	8.00 15.00	Long Term	BWR BB- (Pronounced as BWR double B minus) (Outlook : Stable)
Non Fund Based: Bank Guarantee	2.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	Rs. 25 Crs (Rupees Twenty Five Crores Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

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 draws strength from the adequate experience of promoters in the business, satisfactory financials as per the projections made and accepted by the lenders and location advantage. The rating also considers that the financial closure has been achieved. The ratings are however, constrained by project execution risk associated with a Greenfield project, growing share of organised sector at the expense of the unorganised sector and that the implementation of GST will result in lowering of tariff differentials between the players in the organized and the unorganized sector.

The ability of the company to achieve the COD, as projected by the lenders, without any time or cost overrun shall be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Astila Ceramic Pvt Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the sales and profitability match/surpass the estimates. The rating outlook may be revised to 'Negative' in case the revenues and profits fail to match the projections.

About the Company:

Astila Ceramic Pvt Ltd is a private limited company, incorporated on 18/12/2015 with the registered office at Morbi, Gujarat. The company proposes to set up a ceramic vitrified tile manufacturing plant in Morbi with the total installed capacity of 54000 MTS. The Company has planned to start production from July-2017.

Project Details:

The project has an installed capacity of 54000 MTS. The unit is to commence commercial production from July 2017. The capacity utilisation has been assumed at 45% for the 1st year, going up to 75% in the 5th year. The cost of the project has been assumed at Rs. 26.30 Crs and is to be funded by Bank borrowings of Rs 15.00 Crs, promoter’s contribution of Rs 9.00 Crs and unsecured loans of Rs 2.30 Crs. The credit facilities have since been sanctioned by the bank.

Company Financial Performance:

The Company has planned to start production from July-2017 and has projected TOI of Rs. 28.47 Cr and a PAT of Rs.0.43 Cr for FY18.

Rating History for the last three years:

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type(Long Term/Short Term)	Amount (RsCrs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	8.00	BWR BB-(Outlook : Stable)	--	--	--
2	Term Loan		15.00				
3	Bank Guarantee	Short Term	2.00	BWR A4			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA& the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.