

## Rating Rationale

### G Tone Tiles LLP

17 May 2018

## Brickwork Ratings assigns ratings for the Bank Loan Facilities of G Tone Tiles LLP. ('GTLLP' or 'The Firm')

### Particulars

Facility	Limits (₹ Crs)	Tenure	Rating*
Fund Based	12.50	Long Term	<b>BWR BB-</b> (Pronounced as BWR Double B Minus) <b>(Outlook:Stable)</b>
Non Fund Based	1.75	Short Term	<b>BWR A4</b> (Pronounced as BWR A four)
<b>Total</b>	<b>14.25</b>	Rupees Fourteen Crores and Twenty Five Lakhs Only	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings.

### Rationale/Rating sensitivities:

BWR has essentially relied upon the firm's financial projections up to FY22, publicly available information and clarifications/information provided by the Partners.

The rating draws strength from an extensive experience of promoters in the industry, Satisfactory financial projections made and accepted by the lenders and Locational advantages. The rating also takes into account that the financial closure has been achieved and the project appears to be in line with the implementation schedule. The ratings are however, constrained by relatively low net worth of the firm and the project execution risk associated with the green field project. The rating also considers the Growing share of organised sector at the expense of the unorganised sector in ceramic industry.

The ability of the firm to achieve the projections and to maintain its working capital efficiently shall be the key rating sensitivity.

### Key Rating Drivers:

#### Credit Strengths:

- The promoters have an extensive experience of the industry.
- Financial closure has been achieved.
- Satisfactory financial projections made and accepted by the lenders.
- The company is located in Morbi and thus has a competitive advantage in terms of skilled labour, logistics, production, knowledge and vendors; making the industry cost effective and efficient.
- As on 31.03.2018, Out of a COP of Rs. 19.45 Crs, ~Rs. 6.78 Crs has been expended. An amount of ~Rs. 3.78 Crs has been infused as capital against Rs. 6.50 Crs stipulated by the lenders. USLs of an amount of ~Rs. 0.69 Crs has been added.
- Project appears to be in line with the implementation schedule.

#### Credit Risks:

- Project under Implementation stage & yet to be completed & yet to start Trail Run/Commercial Run.

- Relatively low net worth.
- Project execution risk associated with the green field project.
- Growing share of organised sector at the expense of the unorganised sector in ceramic industry.

**Analytical Approach:**

While assigning the Ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

**Rating Outlook: Stable**

BWR believes the **G Tone Tiles LLP**'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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

**About the firm:**

G Tone Tiles LLP was established on 09/10/2017 as a Limited Liability Partnership firm. The firm has its Registered Office in Morbi, Gujarat. The firm is setting up a Ceramic Wall Glazed Tiles manufacturing plant. The final products of the unit will be mainly used in residential buildings, commercial complexes, hospitals, hotels, cinema etc. The partners and their family members are in the ceramic business since last many years and are running one other ceramic manufacturing unit successfully.

**Firm Financial Performance:**

Particulars	Unit	FY18 (Provisional - CA Certified)	FY17
Operating Income	Rs. Crores	0.00	0.00
EBITDA	Rs. Crores	0.00	0.00
PAT	Rs. Crores	0.00	0.00
Tangible Net Worth	Rs. Crores	3.78	0.00
Total Debt	Rs. Crores	3.00	0.00
Total Debt : Equity	Times	0.79	0.00

As on 31.03.2018 (Provisional), Out of a COP of Rs. 19.45 Crs, ~Rs. 6.78 Crs has been expended. An amount of ~Rs. 3.78 Crs has been infused as capital against Rs. 6.50 Crs stipulated by the lenders. USLs of an amount of ~Rs. 0.69 Crs has been added.

**Rating History for the last three years:**

Sl. No.	Instrument /Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	12.50	BWR BB- (Pronounced as BWR Double B Minus) (Outlook:Stable)	--	--	--
2	Non Fund Based	Short Term	1.75	BWR A4 (Pronounced as BWR A four)	--	--	--
<b>Total : Rs. 14.25 Crs (Rupees Fourteen Crores and Twenty Five Lakhs Only)</b>							

**Status of non cooperation with Previous CRA : NA**

**Any other information: Non Applicable**

**G Tone Tiles LLP**

**Bank Facilities**

**Annexure - I**

<b>Name of the Bank</b>	<b>Facilities</b>	<b>Tenure</b>	<b>Amount (₹ Crores)</b>
State Bank Of India	Cash Credit	Long Term	3.00
State Bank Of India	Term Loan	Long Term	9.50
State Bank Of India	Bank Guarantee	Short Term	1.75
<b>Total</b>			14.25

**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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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**

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