Rating Rationale

Itoli Granito LLP

7 Dec 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 0.00 Crores of Itoli Granito LLP.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	26.15	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Non Fund Based	3.80	Short Term	BWRA4 (Pronounced as BWR A Four)
Total	29.95	INR Twenty Nine Crores and Ninety Five Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the projections made and submitted to bank for appraisal of the project, publicly available information and information/clarifications provided by the Firm's management.

The rating takes in to account the extensive experience of the partners in ceramic industry. The partners are engaged in running similar units at Morbi and as such have an established selling and distribution network in place. The unit is located at Morbi, Gujarat and a hub for ceramic industry with easy access to skilled labour, raw materials and maintenance infrastructure The rating also factors the on time completion of the project without any cost overrun.

The rating are, however, constrained on account of inherent risks associated with a Greenfield project. The firm would face intense competition from numerous existing/upcoming small players, particularly those centred in and around Morbi. The profitability continues to be susceptible to volatility in prices of natural gas & key raw materials as well as demand from cyclical real estate sector.

The ability of the firm to achieve the projected revenues and profits would be the key rating sensitivity.

Description of Key Rating Drivers
Credit Strengths: • The partners have been running similar unit successfully and are considered to have an adequate experience in this line of activity . • Firm has reported a revenue of Rs 11.70 crs till Oct 2018 • The firm started its operations in April 2018 and there is no time over run • No Cost Overrun • Partners have brought in a capital of Rs 14.86 crs as against Rs 12 crs stipulated by the lenders. • Term Loan released till Oct 2018 is Rs 17.66 crs as against Rs 18.15 crs. • Continued increase in exports facilitated by anti dumping duty on China by many European countries, Brazil, Vietnam, Korea etc. • Locational Advantage.
Credit Risks: • Project execution risk associated with a Greenfield project. • Growing share of organised sector at the expense of the unorganised sector. • Ability to penetrate the export market. • Implementation of GST has resulted in lowering of tariff differentials and also evasion of tax by unorganized players .

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Itoli Granito LLP** 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

Itoli Granito LLP was established on 30/05/2017 as a Limited Liability Partnership firm.The LLP has set up a vitrified tiles manufacturing plant. The installed capacity of the plant is 68000 MTS p.a (300 Working Days). The project was completed on April 2018.These products are wall tiles in various colour and sizes and are 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 units successfully (M/s Goldstone Ceramic Pvt Ltd.).

Firm's Financial Performance

Out of a COP of Rs. 40.67 Crs, ~Rs. 28.45 Crs has been expended.As on 10.07.2018, Out of a COP of Rs. 40.67 Crs, ~Rs. 28.45 Crs has been expended. An amount of ~Rs. 16.00 Crs has been infused as capital against Rs. 16.00 Crs stipulated by the lenders. USLs of an amount of ~Rs. 1.52 Crs has been added.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1	**Fund Based**	Long Term	26.15	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	-	-	-
2	**Non Fund Based**	Short Term	3.80	BWR A4 (Pronounced as BWR Single A Four)	-	-	-
	Total		**29.95**	**₹ Twenty Nine Crores and Ninety Five Lakhs Only**			

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

Any other info

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Debt**

For any other criteria obtain hyperlinks from website

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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