

Cadillac Granito Private Limited

Instrument	Amount	Rating Action
Long Term- Term Loan	Rs. 15.00 crore	[ICRA]B assigned
Long Term- Cash Credit	Rs. 7.50 crore	[ICRA]B assigned
Short Term- Bank Guarantee	Rs. 2.50 crore	[ICRA]A4 assigned
Long Term/ Short Term -Unallocated limits	(reduced from Rs. 15.00 crore)	-

ICRA has assigned the long-term rating of [ICRA]B (pronounced ICRA B) to the Rs. 15 crore term loan facility and Rs. 7.50 crore cash credit facility. ICRA has also assigned the short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 2.50-crore¹ non fund based short term facility of Cadillac Granito Private Limited (CGPL)².

The assigned rating reflects CGPL's financial profile, which is expected to remain stretched in the near to medium term, given the debt funded nature of project and expected debt repayment. The rating further takes into account the lack of track record of the company's operation as well as risks associated with stabilization of operations. The rating is also constrained by the vulnerability of profitability and cash flows to cyclicity inherent in the real estate industry, which is the main consuming sector. ICRA notes the highly competitive nature of the business, which keeps its margins under pressure.

The rating, however, favourably takes into account the past experience of the promoters in the ceramic industry as well as the favourable location of the plant, which allows easy access to raw material. The rating further considers marketing support from group concerns, aiding CGPL in mitigating its sales risks.

Going forward, ICRA expects the operating income of the company to witness moderate growth. However, the ability of the company to stabilise operations and manage input costs, given the volatility associated with raw material prices and pricing pressures owing to high competitive intensity will remain the key rating sensitivities.

Company Profile

Cadillac Granito Private Limited (CGPL) was incorporated in May 2016 by Mr. Sanjay Kachrola, Mr. Amit Parecha, and Mr. Deepak Parecha for manufacturing single charge and twin charge vitrified tiles. The company will initially manufacture vitrified tiles of sizes 24"x 24" and 32" x 32" with an installed capacity of 55,800 MT per annum. CGPL is likely to commence its trial runs from December 15, 2016, and commercial production from January 2017.

November 2016

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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