

May 5, 2010

**CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF ORACLE GRANITO LTD.**

CARE has retained the **'CARE BBB' (Triple B)** rating assigned to the long-term bank loans/facilities of Oracle Granito Ltd. (OGL). This rating is applicable for facilities having tenure of more than one year. Facilities with 'Triple B' rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.

Further, CARE retained the **'PR3' (PR three)** rating assigned to the short-term bank loans/facilities of OGL. This rating is applicable for facilities having tenure of up to one year. Facilities with 'PR three' rating would have moderate capacity for timely payment of short-term debt obligations at the time of rating and carry higher credit risk as compared to facilities rated higher.

Sr. No.	Facility	Amount (Rs. crore)	Rating	Remarks
1.	Long-term Loans	25.10	'CARE BBB'	Retained
2.	Fund Based Limits	37.00	'CARE BBB'	Retained
3.	Non-Fund Based Limits	15.70	'PR3'	Retained
	<b>Total</b>	<b>77.80</b>		

**Rating Rationale**

The ratings continue to factor in experience of promoters of OGL in the ceramic business, stable manufacturing operations, established marketing and distribution setup and presence in the fast growing vitrified tile segment of the ceramic tiles industry. The ratings continue to remain constrained on account of moderate profitability, its operations in a highly working capital intensive and competitive ceramic tile industry which is characterized by low entry barriers and high dependence on the real estate sector which exhibits cyclicity. Company's ability to improve its profitability in a competitive industry by improving its product offerings and better cost control, higher than expected debt-funded capex and improvement in its overall financial profile are the key rating sensitivities.

**Company Background**

Established in August 2003, OGL is engaged in manufacturing of vitrified tiles of various designs and sizes. The company has an installed capacity of 14,000 smpd (square meters per day) at its manufacturing unit located in the ceramic tile cluster of Himmatnagar, Gujarat. OGL is a closely held company.

During FY09, OGL reported a total operating income of Rs.114.73 crore with PBILDT and PAT of Rs.14.25 crore and Rs.3.31 crore respectively. Overall gearing as on Mar.31, 2009 was 1.29 times. For 9MFY10 (ended Dec.31, 2009), OGL had a total operating income of Rs.94.95 crore with PBILDT and PBT of Rs.12.10 crore and Rs.3.99 crore respectively.

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