

## Crystal Ceramic Industries Private Limited

January 09, 2018

### Crystal Ceramic Industries Private Limited: Ratings reaffirmed at [ICRA]A(SO) (Stable) / A1(SO)

#### Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based Term Loan	50.00	50.00	[ICRA]A(SO) (Stable); Reaffirmed
Long-term Fund-based Cash Credit	70.00	70.00	[ICRA]A(SO) (Stable); Reaffirmed
Unallocated Limits	11.00	11.00	[ICRA]A1 (SO); Reaffirmed
<b>Total</b>	<b>131.00</b>	<b>131.00</b>	

#### Rating action

ICRA has reaffirmed the long-term rating of [ICRA]A(SO) (pronounced ICRA A, structured obligation) with stable outlook on the Rs. 50.00-crore<sup>1</sup> term loans and the Rs. 70.00-crore cash credit facility of Crystal Ceramic Industries Private Limited (CCPL or the company)<sup>2</sup>. ICRA has also reaffirmed the short-term rating of [ICRA]A1(SO) (pronounced ICRA A one, structured obligation) on the Rs. 11.00-crore non fund-based limits of CCPL. The outlook on the long-term rating is Stable. An SO rating is specific to the rated issue, its terms and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

#### Rationale

The SO (Structured Obligation) ratings take into consideration the corporate guarantee extended by Asian Granito India Limited (AGL) (rated at [ICRA]A (stable) and [ICRA]A1) for the Rs 120 crore fund based limits and the Rs 11 crore non fund based limits of Crystal Ceramic Industries Private Limited (CCPL). The above ratings address the servicing of the loan to happen as per the terms of the underlying loan and guarantee arrangement and the ratings assume that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower. The rated instrument does not involve a structured payment mechanism.

#### Outlook: Stable

ICRA believes that Crystal Ceramic Industries Private Limited will continue to benefit from the support extended by its parent and experience of group in tile industry. The outlook may change as per the change in the outlook on its parent's ratings.

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

## Key rating drivers

### Credit strengths

**Extensive experience of promoters and established brand presence of parent company** – Asian Granit India Limited (AGL) was incorporated in the year 2002 and its promoters have an experience of over two decades in the tile industry. Thus, the promoters' long experience in the industry, established relationships with suppliers and customers and range of product offerings are expected to support the business profile. AGL is the fourth largest player in the Indian tile industry and accounts for approximately ~3-4% of the Indian tile market, wherein the share of the organised players is expected to be close to ~40%. The company also have a widespread distribution network, which enhances its market presence.

**Unconditional and irrevocable corporate guarantee** – Asian Granito India Limited has extended an unconditional and irrevocable guarantee to CCPL's above rated bank facilities.

### Credit challenges

**Sensitive to guarantor's rating** – The ratings primarily reflect the credit strength of the guarantor (Asian Granito India Limited). Hence, any adverse movement in the rating of the guarantor may result in rating action on CCPL's bank limits.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

#### Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Approach for rating debt instruments backed by third-party explicit support](#)

[Impact of Parent or Group Support on an Issuer's Credit Rating](#)

### About the company (Issuer):

Incorporated in 2008, Crystal Ceramic Industries Private Limited (CCPL) is into manufacturing of vitrified tiles from its facilities located in Mehsana (Gujarat). The product range of the company includes double charged vitrified tiles, polished glazed vitrified tiles and glazed vitrified tiles. CCPL is a step-down subsidiary of Asian Granito India Limited (rated [ICRA] A (Stable) /A1), with AGL holding 70% stake in CCPL through Kedia Ceramics (99.9 per cent owned by AGL), while previous promoters own the rest. About ~30-35% of total sales was to AGL in last two fiscals.

CCPL reported an operating income of Rs 173.82 crore and PAT of Rs. 11.05 crore in FY2017 as against an operating income of Rs 183.49 crore and PAT of Rs. 6.56 in FY2016.

### About the Guarantor- Asian Granito India Limited:

Asian Granito India Limited (AGL) was incorporated in 2002 as a manufacturer of ceramic tiles, by Mr Kamlesh Patel and Mr. Mukesh Patel. The company has extended production capacities as well as the product range over the years and is a leading ceramic player today engaged in manufacturing and marketing of flooring solutions under its brand name 'AGL'. The product range includes wall tiles, vitrified tiles, ceramic floor tiles, marble and quartz. AGL has eight manufacturing facilities (including two facilities of subsidiaries) located in the state of Gujarat. With acquisitions and expansions carried out both in-house and in subsidiaries, the total tile manufacturing capacity of the company has increased to ~36 million square meters (msm) on a consolidated basis.

At standalone level, AGL reported an operating income of Rs 949.88 crore and PAT of Rs. 27.95 crore in FY2017 as against an operating income of Rs 872.98 crore and PAT of Rs. 18.93 in FY2016. At consolidated levels, AGL reported an operating income of Rs 1065.95 crore and PAT of Rs. 39.81 crore in FY2017.

## Key financial indicators

	FY2016	FY2017
Operating Income (Rs. crore)	183.49	173.82
PAT (Rs. crore)	6.56	11.05
OPBDIT/ OI (%)	11.63%	22.30%
Total Debt/ TNW (times)	3.78	3.58
Total Debt/ OPBDIT (times)	6.76	4.83
Interest Coverage (times)	4.36	2.52
NWC/ OI (%)	28%	59%

Source: Audited annual financials of the company

## Status of non-cooperation with previous CRA:

According to CRISIL's release dated March 29, 2017, CCPL has not provided the requisite information needed to conduct the rating exercise. In line with the extant SEBI guidelines, CRISIL's rating on CCPL bank facilities and is classified as non-cooperative (CRISIL BBB-/Stable; ISSUER NOT COOPERATING).

## Any other information: None

## Rating history for last three years:

		Current Rating (FY2018)			Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating January 2018	Date & Rating in FY2017 November 2016	Date & Rating in FY2016	Date & Rating in FY2015
1 Cash Credit	Long Term	70.00	-	[ICRA]A(SO) (Stable)	[ICRA]A(SO) (Stable)	-	-
2 Term Loans	Long Term	50.00	44.83	[ICRA]A(SO) (Stable)	[ICRA]A(SO) (Stable)	-	-
3 Short Term Fund Based	Non Short Term	11.00	-	[ICRA]A1(SO)	[ICRA]A1(SO)	-	-

## Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	70.00	[ICRA]A(SO) (Stable)
NA	Term Loan	September 2016	NA	FY2024	50.00	[ICRA]A(SO) (Stable)
NA	Short Term Non Fund Based	NA	NA	NA	11.00	[ICRA]A1 (SO)

Source: Sanction letter of Crystal Ceramic Industries Private Limited

## ANALYST CONTACTS

**Mr. K.Ravichandran**  
+91-44-4596-4301  
[ravichandran@icraindia.com](mailto:ravichandran@icraindia.com)

**Ankit Patel**  
+91 079 4027 1509  
[ankit.patel@icraindia.com](mailto:ankit.patel@icraindia.com)

**Sanket Thakkar**  
+91 79 4027 1528  
[sanket.thakkar@icraindia.com](mailto:sanket.thakkar@icraindia.com)

## RELATIONSHIP CONTACT

**Jayanta Chatterjee**  
+91 80 4332 6401  
[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[naznin.prodhani@icraindia.com](mailto:naznin.prodhani@icraindia.com)

## Helpline for business queries:

+91-124-3341580 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: [info@icraindia.com](mailto:info@icraindia.com)

Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2552 0194/95/96

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