June 03, 2022

Asian Granito India Limited: Update on Material Event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Fund-based - Term Loan	31.27	31.27	[ICRA]A+ (Stable)
Fund-based - Working Capital Facilities	167.00	167.00	[ICRA]A+ (Stable)
Non-fund based - Bank Guarantee & Letter of Credit	55.84	55.84	[ICRA]A1
Total	**254.11**	**254.11**	

**Instrument details are provided in Annexure-1*

Rationale

Material Event

On May 28, 2022, Asian Granito India Limited ('AGL' or 'the Group') disclosed that the Income Tax (IT) department is carrying on a search operation at various location of the Group from May 26, 2022.

Impact of Material Event

At present, ICRA has an outstanding rating of [ICRA]A+ (Stable)/[ICRA]A1 on the bank lines of the company. Based on discussions with the management, ICRA understands that there has been no material impact on the company and the Group's operations and banking lines. However, ICRA would continue to closely monitor any further developments related to this event and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of AGL. As on March 31, 2022, AGL had seven subsidiaries and two step-down subsidiaries (as per Annexure - 2)

About the company

Incorporated in 2002 by Mr. Kamlesh Patel and Mr. Mukesh Patel, Asian Granito India Limited is a public limited company listed on Bombay Stock Exchange and National Stock Exchange. It is a leading manufacturer of ceramic tiles with product range comprising of wall tiles, floor tiles, vitrified tiles, marble, quartz and sanitaryware. Over the years, the company has expanded its production capacities as well as product range, providing the manufacturing and marketing of flooring solutions under the brand name of AGL. AGL has ten manufacturing facilities (including three facilities of subsidiaries) in Morbi and Himmatnagar region of Gujarat, with an overall installed capacity of ~27 million sq. mt. at present.

Key financial indicators (audited) - Standalone

Standalone	FY2021	FY2022*
Operating Income (Rs. crore)	1,036.2	1,349.1
PAT (Rs. crore)	49.2	87.9
OPBDIT/OI (%)	9.4%	6.5%
PAT/OI (%)	4.8%	6.5%
Total Outside Liabilities/Tangible Net Worth (times)	0.8	0.3
Total Debt/OPBDIT (times)	1.2	0.4
Interest Coverage (times)	5.7	12.6

*PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; *Based on limited review financials*

Key financial indicators (audited) - Consolidated

Standalone	FY2021	FY2022*
Operating Income (Rs. crore)	1,292.3	1,563.8
PAT (Rs. crore)	55.7	91.6
OPBDIT/OI (%)	10.5%	8.0%
PAT/OI (%)	4.3%	5.9%
Total Outside Liabilities/Tangible Net Worth (times)	1.1	0.6
Total Debt/OPBDIT (times)	2.2	1.8
Interest Coverage (times)	3.9	5.3

*PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; *Based on limited review financials*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on Mar 31, 2021 (Rs. crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
					Jun 3, 2022	Oct 27, 2021	Mar 23, 2021	Jul 27, 2020 Jun 8, 2020	Jan 6, 2020
1	Term Loan	Long-term	31.27	16.35	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A (Stable)	[ICRA]A (Negative)	[ICRA]A (Stable)
2	Working Capital Facilities	Long-term	167.00	NA	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A (Stable)	[ICRA]A (Negative)	[ICRA]A (Stable)
3	Bank Guarantee & Letter of Credit	Short-term	55.84	NA	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1

Amount in Rs. crore

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term - Term Loan	Simple
Long-term - Working Capital Facilities	Simple
Short-term - Bank Guarantee & Letter of Credit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: 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
-	Term Loan-I	FY2021	7.5%	FY2023	29.86	[ICRA]A+ (Stable)
-	Term Loan-II	FY2017	10.55%	FY2022	1.41	[ICRA]A+ (Stable)
-	Woking Capital Facility	NA	NA	NA	167.00	[ICRA]A+ (Stable)
-	Bank Guarantee & Letter of Credit	NA	NA	NA	55.84	[ICRA]A1

Source: Asian Granito India Limited

Please click here to view details of lender-wise facilities rated by ICRA

Annexure-2: List of entities considered for consolidated analysis

Company	Ownership	Consolidation Approach
Amazoone Ceramics Ltd.	97.77% (rated entity)	Full Consolidation
Crystal Ceramic Industries Pvt. Ltd.	70% (rated entity)	Full Consolidation
AGL Global Trade Pvt. Ltd.	100%	Full Consolidation
Future Ceramics Pvt. Ltd.	100%	Full Consolidation
AGL Sanitaryware Pvt. Ltd.	100%	Full Consolidation
AGL Surfaces Pvt. Ltd.	100%	Full Consolidation
Powergrace Industries Ltd.	100% (step-down subsidiary)	Full Consolidation
Gresart Ceramics Pvt. Ltd.	100% (step-down subsidiary)	Full Consolidation

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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