

August 23, 2023

Affil Vitrified Private Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Cash credit	18.00	18.00	[ICRA]B+(Stable)
Long-term – UGECL	2.41	2.41	[ICRA]B+(Stable)
Long-term – Term loan	20.34	20.34	[ICRA]B+(Stable)
Short-term – Letter of guarantee	4.30	4.30	[ICRA]A4
Short-term – ILC/FLC	0.70	0.70	[ICRA]A4
Total	45.75	45.75	

*Instrument details are provided in Annexure-I

Rationale

Material Event

On August 12, 2023, the Board of Asian Granito India Limited (AGL) has approved the demerger scheme for AGL and its subsidiaries Affil Vitrified Private Limited (AVPL, rated [ICRA]B+(Stable)/[ICRA]A4), Ivanta Ceramics Industries Private Limited, Crystal Ceramics Industries Limited (CCIL, rated[ICRA]BBB-(CE) (Negative)/ [ICRA]BB (Negative)), Adicon Ceramics Industries Limited (ACIL) and Amazoone Ceramics Limited (ACL, rated [ICRA]BB(Negative)/[ICRA]A4). The deal is expected to be concluded over the next 9-12 months, subject to receipt of necessary approval/consents from the concerned stock exchange, stakeholders and completion of certain conditions precedent therein.

Impact of Material Event

ICRA has taken note of the proposed scheme of demerger, wherein the manufacturing units of subsidiaries viz., AVPL, ICIPL, CCIL and ACIL are transferred to separate subsidiaries to focus on operational synergies and consequent cost synergies. Post the demerger arrangement, these manufacturing entities will be the wholly-owned subsidiaries of AGL and erstwhile shareholders of these subsidiaries will get shares of AGL. Moreover, AGL's marble and quartz manufacturing division is getting transferred to ACL for a consideration of Rs. 102 crore. ICRA would continue to closely monitor any further developments related to this event and take appropriate rating action, if necessary. AGL's ability to ramp-up its operations of its subsidiary and improve the overall profitability levels remains a key rating monitorable, going forward.

Please refer to the following link for the previous detailed rationale that captures the 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

Analytical Approach	Comments
Consolidation/Standalone	The ratings are based on the company's standalone financials

About the company

Affil Vitrified Private Limited, incorporated in 2010, is manufactures double charge vitrified tiles. Its manufacturing facility is located at Morbi, Rajkot (Gujarat), having an installed capacity of around 50 lakh square metre per annum (increased from around 28 lakh square metre per annum).

Key financial indicators (audited)

Standalone	FY2020	FY2021	FY2022*
Operating income	64.9	51.6	100.8
PAT	(4.8)	(7.2)	(4.0)
OPBDIT/OI	0.2%	-7.7%	1.8%
PAT/OI	-8.7%	-16.4%	-3.9%
Total outside liabilities/Tangible net worth (times)	9.2	23.4	28.4
Total debt/OPBDIT (times)	290.6	-11.4	29.4
Interest coverage (times)	0.1	-1.6	0.6

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; * Provisional unaudited financials

Status of non-cooperation with previous CRA: Not applicable

As per CRISIL Ratings rationale dated Aug 09, 2023, despite repeated attempts to engage with the management, CRISIL Ratings failed to receive any information on either the financial performance or strategic intent of AVPL, which restricts CRISIL Ratings' ability to take a forward looking view on the entity's credit quality. CRISIL Ratings believes that a rating action on AVPL is consistent with 'Assessing Information Adequacy Risk'. Based on the last available information, the ratings on bank facilities of AVPL continues to be 'CRISIL B+/Stable/CRISIL A4 Issuer Not Cooperating'.

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of June 2022 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Aug 23, 2023	Jul 15, 2022	-	-
1 Cash credit	Long term	18.00	NA	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	-	-
2 UGECL	Long term	2.41	2.41	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	-	-
3 Term loans	Long term	20.34	20.34	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	-	-
4 Letter of guarantee	Short term	4.30	NA	[ICRA]A4	[ICRA]A4	-	-

5	ILC/FLC	Short term	0.70	NA	[ICRA]A4	[ICRA]A4	-	-
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Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Cash credit	Simple
Long-term – UGECL	Simple
Long-term – Term loan	Simple
Short-term – Letter of guarantee	Very Simple
Short-term – ILC/FLC	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 are available on ICRA's website: [Click Here](#).

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Cash credit	NA	NA	NA	18.00	[ICRA]B+ (Stable)
NA	Long-term – UGECL	NA	NA	NA	2.41	[ICRA]B+ (Stable)
NA	Long-term – Term loan	Oct 2021	NA	FY2028	20.34	[ICRA]B+ (Stable)
NA	Short-term – Letter of guarantee	NA	NA	NA	4.30	[ICRA]A4
NA	Short-term – ILC/FLC	NA	NA	NA	0.70	[ICRA]A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis -Not applicable

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About ICRA Limited:

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Branches



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