February 17, 2017

Asian Granito India Limited

Instrument*	Amount	Rating Action
Commercial Paper Programme	Rs. 40.00 crore	Provisional [ICRA]A1+ (SO) assigned; [ICRA]A1+ (SO) withdrawn
Cash Credit	Rs. 200.00 crore	[ICRA]A (Stable); outstanding
Term Loan	Rs. 15.00 crore	[ICRA]A (Stable); outstanding
Unallocated Limits	Rs. 36.16 crore	[ICRA]A (Stable); outstanding
Short term non fund based limits	Rs. 60.84 crore	[ICRA]A1; outstanding

*Instrument Details are provided in Annexure-1

Rating Action

ICRA has assigned the Provisional [ICRA]A1+(SO) (pronounced as Provisional, ICRA A one plus, Structured Obligation) rating for the commercial paper (CP) programme of Rs. 40.00 crore* of Asian Granito India Limited (AGL). The aforementioned rating is based on standby letter to the extent of Rs. 20.00 crore each from State Bank of India and IndusInd Bank to support the repayment obligation on the said CP programme. The previous rating The previous rating of [ICRA]A1+ (SO) assigned to the instrument has been withdrawn.

The rating assigned is provisional as of now (as denoted by the prefix 'Provisional' before the rating symbol) and is subject to fulfillment of all conditions under the structure as mentioned to ICRA including execution of the transaction documents, and the executed documentation being in line with the drafts shared with ICRA. The rating assigned is based on the strength of unconditional and irrevocable stand-by letter from a bank, as per format vetted by ICRA. The rating also factors in the payment mechanism designed to ensure payment on the rated CPs as per the terms of the transaction.

Instruments with [ICRA]A1 rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Within this category, certain instruments are assigned the rating of [ICRA]A1+ to reflect their relatively stronger credit quality. The letters SO in parenthesis suffixed to the rating symbol stand for Structured Obligation. 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.

ICRA has an outstanding long-term rating of [ICRA]A (pronounced as ICRA A) on the Rs. 200.00 crore[1] cash credit limits, the Rs. 15.00 crore term loans and the Rs. 36.16 crore unallocated limits of Asian Granito India Limited (AGL)[2]. The outlook on the long-term rating is 'Stable'. ICRA also has an outstanding short-term rating of [ICRA]A1 (pronounced as ICRA A one) on the Rs 60.84 crore non fund based facility of AGL.

Analytical approach:

For arriving at the ratings, ICRA has taken into account, inter alia, the standby letter from State Bank of India and IndusInd Bank to support the repayment obligation on the said CP programme.

Links to applicable Criteria

Approach for rating debt instruments backed by third-party explicit support
http://www.icra.in/Files/Articles/Rating%20of%20debt%20Dec%202016.pdf

[1] 100 lakh = 1 crore = 10 million

[2] For complete rating definition, please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications

About the Company:
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 todayengaged 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 33.2 million square meters (msm) on a consolidated basis.

At standalone level, AGL reported an operating income of Rs 872.98 crore and PAT of Rs. 18.93 crore in FY2016 as against an operating income of Rs 823.23 crore and PAT of Rs. 14.48 in FY2015. At consolidated levels, AGL reported an operating income of Rs 993.90 crore and PAT of Rs. 23.74 crore in FY2016.

Rating History for last three years:

Table: Rating History

S.No	Name of Instrument	Current Rating			Chronology of Rating History		
		Type	Rated amount (Rs. Crores)	Month-year & Rating	Month- year & Rating in FY2017	Month- year & Rating in FY2017	Month- year & Rating in FY2016
				February 2017	October 2016	April 2016	September 2015
1	Cash Credit	Long Term	200.00	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A- ; rating watch	[ICRA]A- ; rating watch
2	Term Loans	Long Term	15.00	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A- ; rating watch	[ICRA]A- ; rating watch
3	Short Term Non Fund Based	Short Term	60.84	[ICRA]A1	[ICRA]A1	[ICRA]A2+; rating watch	[ICRA]A2+; rating watch
4	Unallocated	Long Term	36.16	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]	[ICRA]A2+; rating watch
5	Commercial Paper	Short Term	40.00	Provisional [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

Annexure-1

Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. Cr)	Current Rating and Outlook
Cash Credit	9%-10%	-	-	200.00	[ICRA]A (Stable)
Term Loan	12%-13%	-	January 2021	15.00	[ICRA]A (Stable)
Unallocated Amount	-	-	-	36.16	[ICRA]A (Stable)
Short Term Non Fund Based	-	-	-	60.84	[ICRA]A1
Commercial Paper	-	-	-	40.00	Provisional [ICRA] A1+ (SO)

Source: Asian Granito India Limited

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