

September 29, 2026

Simpolo International Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator [#]
Long-term – Fund based – Term loan	444.00	444.00	[ICRA]AA-(Stable); reaffirmed	RBI
Long-term – Fund based – Cash credit	100.00	100.00	[ICRA]AA-(Stable); reaffirmed	RBI
Long-term/short-term – Non fund based limits	35.00	35.00	[ICRA]AA-(Stable)/[ICRA]A1+; reaffirmed	RBI
Total	579.00	579.00		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of Simpolo International Private Limited (SIPL), along with its parent, Simpolo Vitrified Private Limited (SVPL), and fellow subsidiary Nexion Surfaces Pvt Ltd (NSPL) [together referred to as the Simpolo Group or the Group], given the common management team, strong business and financial linkages among the entities.

The reaffirmation of the ratings continues to factor in the Group's strong financial profile, characterised by a healthy net worth base and comfortable debt protection metrics. The Group reported a 16.2% YoY increase in its consolidated operating income to Rs. 2,156.9 crore in FY2026 from Rs. 1,856.1 crore in FY2025, supported mainly by healthy volume growth and stable realisations. The operating profitability improved to 18.5% in FY2026 from 16.4% in FY2025, supported by a favourable product mix, manufacturing efficiencies and operating leverage benefits. The Group's new tile manufacturing facilities at Tirupati (Andhra Pradesh) and Malia (Gujarat) commenced operations in November 2025 and May 2026, respectively. With both plants operational, the Group's annual tile manufacturing capacity has effectively doubled. While the projects witnessed some delay due to additional work and monsoon impact along with increased cost compared to initial estimates, the project execution risk has subsided. The pace of ramp-up and stabilisation of operations at the new facilities remain a key monitorable. ICRA expects the Group to report healthy revenue growth at 5-10% in FY2027 with operating margins of 16-17%.

The ratings continue to factor in the established presence of the Simpolo Group in the domestic tiles market with strong brand recognition in the mid-range tile segment (sold under the Simpolo and Ispira brands) and premium tile segment (sold under the Neotra and Nexion brands). The Group has a well-entrenched distribution network comprising more than 1,500 dealers, supporting its pan-India presence and market position. Despite the sizeable debt-funded capital expenditure undertaken through SIPL in the recent past, the Group's capital structure remained comfortable with total debt/TNW of 0.3 times as on March 31, 2026. The debt coverage indicators remained strong, with interest coverage and DSCR of 21.0 times and 5.6 times, respectively, in FY2026. In the absence of any major debt-funded capex plans going forward, ICRA expects the debt protection metrics to remain comfortable over the medium term.

The ratings are, however, constrained by the intense competition in the tiles industry and the susceptibility of the Group's revenues and cash flows to the cyclicalities of the real estate sector. The ratings also factor in the vulnerability of profitability to fluctuations in fuel and raw material prices. The Group witnessed elevated fuel costs following the West Asia crisis-related

supply shock in Q1 FY2027. Nevertheless, the impact on profitability was mitigated through timely price hikes on its products, reflecting the Group's relatively strong pricing flexibility and market position. SVPL had raised ~Rs. 415 crore through CCPS (compulsorily convertible preference shares) from investors led by the Motilal Oswal Group in FY2023, strengthening the Group's capitalisation and supporting its expansion plans. ICRA notes that the investors shall seek an exit primarily through the IPO route in the future, or through a strategic sale to a third party. Further, there is no buyback liability on the Sempolo Group in relation to the investor exit. ICRA will, however, continue to monitor developments regarding the exit on an ongoing basis

The Stable outlook on the long-term rating reflects ICRA's opinion that the Group will sustain its operating performance in the medium term and record healthy revenue growth benefitting from its established position and strong brand presence.

Key rating drivers and their description

Credit strengths

Established position of the Group in domestic tiles market with pan-India presence – The promoters of the Sempolo Group have more than three decades of experience in the ceramics industry and have established the Sempolo brand in the domestic tiles market. The Group is one of the leading players in premium category tiles, marketed under their Neotra and Nexion brands and has established a strong distribution network in the domestic and international markets, as reflected in its expanding geographical footprint. In India, the Group has a network of more than 1,500 dealers, 25 experience centres and tie-ups with interior designers and architects to sell its premium brands.

Large scale of operations with well-diversified customer base – The Sempolo Group is among the reputed players in the Indian tile industry, with a large scale of operations. The Group witnessed a robust CAGR of 24.1% in revenue during FY2022–FY2026, on the back of a healthy uptick in sales of premium tiles. The Group's revenue is geographically diversified with domestic sales (pan-India distribution) accounting for ~94% of the total revenue and export sales contributing to the balance ~6% (various countries including UAE, Russia and Vietnam) for FY2026. With the recent expansion in its production capacity, the revenue is expected to grow by 5-10% per annum, as the new plants stabilise their operations. Further, it caters to a diverse end-customer base consisting of both retail and institutional buyers, with retail sales dominating the mix.

Strong net worth base and comfortable debt coverage metrics – The Group reported a healthy capital structure as on March 31, 2026 with total outside liabilities to tangible net worth ratio of 0.7 times and comfortable debt protection metrics with interest coverage of 21.0 times and DSCR of 5.6 times. While total debt/OPBDITA moderated to 1.1 times as on March 31, 2026 from 0.6 times as on March 31, 2025, following debt drawdowns for the capacity expansion undertaken through SIPL, it is expected to improve post FY2028. The Group's net worth has strengthened over the last six years, with a capital infusion of ~Rs. 415 crore in FY2023 and healthy accretion to profits over the years. The operating margin improved to 18.5% from 16.4% in FY2025, supported by a favourable product mix, manufacturing efficiencies and operating leverage benefits. The same is expected to continue at 16-17% in the medium term, factoring stabilisation period for new plants. In the absence of any major debt-funded capex plans, the coverage metrics are estimated to remain comfortable with interest cover likely to remain above 7.0 times and DSCR above 2.0 times over the medium term.

Credit challenges

Vulnerability of profitability to changes in raw material and fuel prices – Raw materials (mainly clay) and fuel are the two major cost components (~60%) in tiles production, which determine the cost competitiveness of operations. The Group remains exposed to volatility in raw material and fuel prices, given its limited control over key input costs and the competitive nature of the industry. The Group witnessed elevated fuel costs, following the West Asia crisis-related supply shock in Q1 FY2027. Nevertheless, the impact on profitability was mitigated through timely price hikes on its products, reflecting the Group's relatively strong pricing flexibility and market position.

Intense competition from other organised and unorganised players; exposure to cyclicalities in real estate industry – The domestic ceramic tiles industry faces intense competition due to the presence of many organised as well as unorganised players with a wide product portfolio, along with significant capacity addition in the recent past and volatile export demand, resulting in stiff competition in the domestic tiles industry. Although the Group shall benefit from its established brand position, it faces competition from other established players. Moreover, the real estate industry remains the major end-user segment. Hence, its revenues and cash flows remain vulnerable to the cyclicalities in the same.

Liquidity position: Adequate

The Simpolo Group's liquidity is Adequate, supported by undrawn working capital lines of around Rs. 227 crore and free cash balance of Rs. 32.6 crore as on August 31, 2026. This is expected to be sufficient for servicing its principal repayment obligation of Rs. 64.2 crore for FY2027. Moreover, with the recently completed capacity expansion and limited capex requirements over the near-to-medium term, the Group is expected to generate healthy free cash flows.

Rating sensitivities

Positive factors – The ratings could be upgraded, if the Group exhibits a significant improvement in its scale of operations, on a sustained basis, while maintaining healthy operating profitability and comfortable coverage metrics and liquidity profile.

Negative factors – Pressure on the ratings could arise, if the Group witnesses a material decline in its revenues or profitability, which impacts the debt protection metrics on a sustained basis. Any large debt-funded capex impacting the debt protection metrics, or a stretch in the working capital cycle impacting the liquidity position, on a sustained basis, may also be negative for the ratings. A specific credit metric that could lead to a rating downgrade will be DSCR below 2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of SIPL along with its parent, SVPL and fellow subsidiary Nexion Surfaces Pvt Ltd (NSPL), given the strong business and financial linkages among the entities. Further, ICRA has considered the consolidated financials for SVPL for the ratings (list of entities given in annexure II).

About the company

The Simpolo Group, established by the Aghara family, deals in tiles and sanitaryware products since 1991, when their first sanitaryware plant was established, followed by a ceramic tile manufacturing plant in 1995.

SVPL (parent entity) was incorporated in 2007 to manufacture and market vitrified tiles under the Simpolo brand. The Group is an established player in the domestic tiles market with strong brand recognition in the mid-range tile segment (sold under Simpolo and Ispira brands) and premium tile segments (sold under Neotra and Nexion brands). With the commissioning of two new manufacturing facilities through its wholly-owned subsidiary, Simpolo International Private Limited (SIPL), the Group's total tile manufacturing capacity has increased to 39.6 million square metres per annum (msm p.a.) from 20.8 msm p.a. earlier.

SIPL was incorporated in May 2023 for setting up and operating vitrified tile plants in Tirupati (Andhra Pradesh) and Malia (Gujarat). The Tirupati plant, with an installed capacity of 8.20 msm p.a., commenced operations in November 2025, while the Malia plant, with an installed capacity of 11.12 msm p.a., commenced operations in May 2026. Following the commissioning of both facilities, SIPL serves the domestic market through SVPL and export market through direct sales.

Key financial indicators (audited)

SVPL Consolidated	FY2025	FY2026
Operating income (Rs. crore)	1,856.1	2,156.9
PAT (Rs. crore)	34.8	201.7
OPBDIT/OI (%)	16.4%	18.5%
PAT/OI (%)	1.9%	9.4%
Total outside liabilities/Tangible net worth (times)	0.4	0.7
Total debt/OPBDIT (times)	0.6	1.1
Interest coverage (times)	19.9	21.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs crore)	Sep 29, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	100.00	[ICRA]AA-(Stable)	Jun 26, 2025	[ICRA]AA-(Stable)	Jan 27, 2025	[ICRA]AA-(Stable)	-	-
Non-fund based-Others	Long Term/Short Term	35.00	[ICRA]AA-(Stable)/[ICRA]A1+	Jun 26, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	Jan 27, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
Fund-based-Term loan	Long Term	444.00	[ICRA]AA-(Stable)	Jun 26, 2025	[ICRA]AA-(Stable)	Jan 27, 2025	[ICRA]AA-(Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund based – Term Loan	Simple
Long Term – Fund based – Cash Credit	Simple
Long Term/Short Term – Non Fund based limits	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	Financial Sector Regulator [#]
NA	Long Term – Fund based – Term Loan	FY2025	NA	FY2032	444.00	[ICRA]AA- (Stable)	RBI
NA	Long Term – Fund based – Cash Credit	NA	NA	NA	100.00	[ICRA]AA- (Stable)	RBI
NA	Long Term/Short Term – Non Fund based limits	NA	NA	NA	35.00	[ICRA]AA- (Stable)/ [ICRA]A1+	RBI

Source: Company

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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

Annexure II: List of entities considered for consolidated analysis

Company name	SVPL Ownership	Consolidation Approach
Simpolo International Private Limited	100%	Full consolidation
Nexion Surfaces Private Limited	100%	Full consolidation
Simpolo S.R.L	100%	Full consolidation
Simpolo Foundation	100%	Full consolidation

Source: Company annual report

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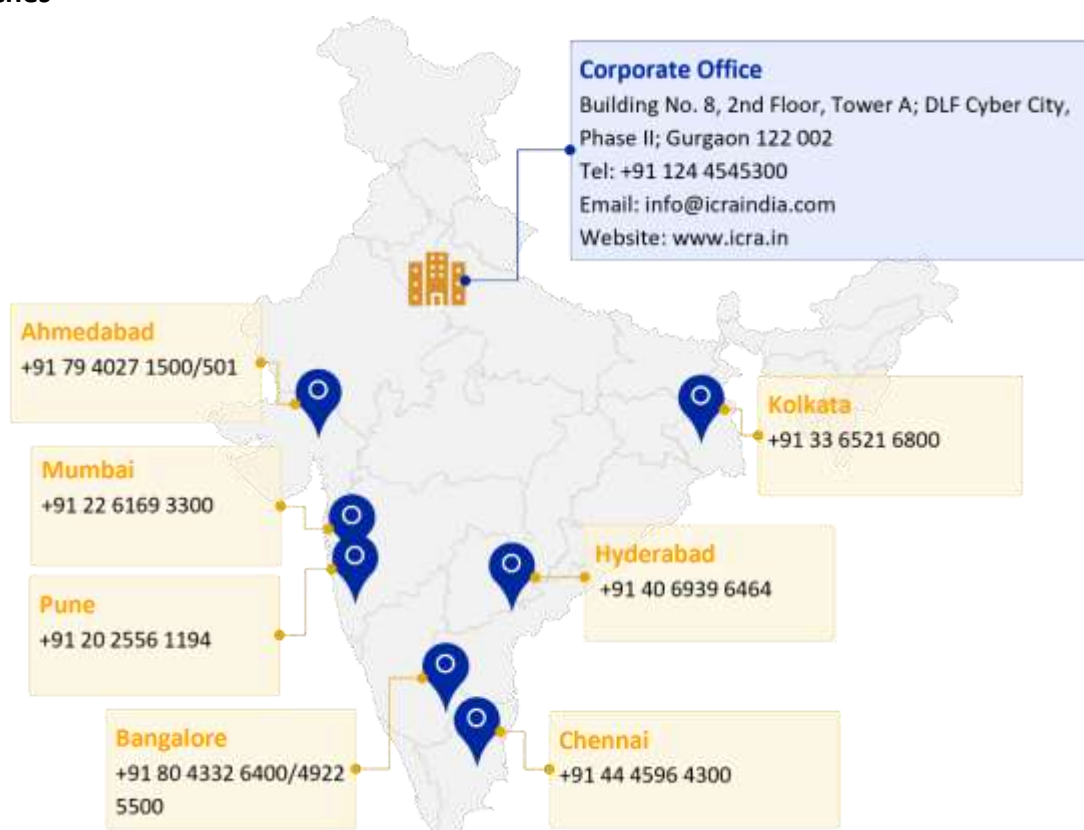
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