

November 26, 2019

Airona Tiles Limited: Moved to Non-Cooperating category, Ratings downgraded based on best available information

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Cash Credit	9.47	9.47	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB- (Stable) and moved to the 'Issuer Not Cooperating' category
Term Loan	1.50	1.50	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB- (Stable) and moved to the 'Issuer Not Cooperating' category
Bank Guarantee	2.27	2.27	[ICRA]A4 ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Total	13.24	13.24	

[^]Issuer did not cooperate; based on best available information.

Rationale

The Long-term rating is downgrade because of lack of adequate information regarding Airona Tiles Limited (ATL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Airona Tiles Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information

The previous detailed rating rationale is available on the following link: [Click here](#)

About the company:

ATL was incorporated in 2014 to acquire the operations of the ceramic division of City Tiles Limited after its demerger. It commenced its commercial operations on April 01, 2015, and manufactures ceramic floor tiles in different sizes viz. 400 mm X 400 mm, 600 mm X 600 mm and 600 mm X 900 mm. Its manufacturing facility is located at Sabarkantha (Gujarat) and has ~18,60,000 square metre floor tiles per annum capacity. It sells the tiles under the brand name 'Signova'. In FY2017, the firm reported a net profit of Rs. 1.92 crore on an OI of Rs. 40.01 crore, as compared to a net profit of Rs. 1.39 crore on an OI of Rs. 44.16 crore in the previous year.

Status of non-cooperation with previous CRA

Not applicable

Any other information

Not applicable

Key financial indicators: Source -Ace Equity

	FY2018	FY2019
Operating Income (Rs. crore)	37.89	41.88
PAT (Rs. crore)	0.88	1.13
OPBDIT/ OI (%)	11.45%	8.48%
RoCE (%)	15.64%	11.31%
Total Debt/OPBDITA (times)	3.21	4.39
Gearing	1.58	2.25
NWC/ OI (%)	41%	44%

Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					Nov 26, 2019	Jun 06, 2018	-	Dec 16, 2016
1	Cash Credit	Long-term	9.47	Latest Amount Not Available	[ICRA]B+(Stable) ISSUER NOT COOPERATING	[ICRA]BB-(Stable)	-	[ICRA]BB-(Stable)
2	Term Loan	Long-term	1.50		[ICRA]B+(Stable) ISSUER NOT COOPERATING	[ICRA]BB-(Stable)	-	[ICRA]BB-(Stable)
3	Bank Guarantee	Short-term	2.27		[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A4	-	[ICRA]A4

*Sub-limit of letter of credit

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 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	9.47	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Term Loan	FY2017	-	FY2021	1.50	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Bank Guarantee	-	-	-	2.27	[ICRA]A4; ISSUER NOT COOPERATING

**Sub-limit of letter of credit*

Source: Airona Tiles Limited

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