

## IBIS Smart Marble Private Limited

February 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	73.00	CARE BB+; Stable	Assigned
Long Term / Short Term Bank Facilities	5.00	CARE BB+; Stable / CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of IBIS smart marble private limited (IBIS) is constrained on account of its working capital-intensive nature of operations and stretched liquidity. The ratings, further, remain constrained on account of susceptibility of margins to volatility in prices of fuel and raw materials and its presence in competitive ceramic tile industry with fortunes linked to cyclical real estate sector.

The ratings however draw comfort from long-standing experience of the promoters in ceramic tiles industry and location advantage of being present in the ceramic tile hub with easy access to raw material, power and fuel. The rating also derives strength from growth in IBIS's scale of operations with healthy PBILDT margin and its moderate financial risk profile.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in scale of operations with Total operating income (TOI) more than Rs. 200 crore.
- Improvement in liquidity marked by reduction in gross current asset days below 120 days.
- Improvement in capital structure marked by overall gearing below 1.10 times on sustained basis.

#### Negative factors

- Any major debt funded capex resulting to deterioration in capital structure with overall gearing beyond 1.7x
- Decline in scale of operations with TOI below Rs.150 crore or Profit before interest lease depreciation and tax (PBILDT) margin below 15.00% on a sustained basis
- Elongation in its operating cycle beyond 100 days on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectations that IBIS will continue to derive strength from its experience promoters having long-track record of operations in the ceramic industry

### Detailed description of key rating drivers:

#### Key weaknesses

##### Susceptibility of profitability to volatility in prices of fuel and key raw materials

Raw material (i.e. various types of clay) and power & fuel cost (i.e. Natural & Propane Gas) are the two major cost components of IBIS's cost structure. Considering prices of both (clay and natural gas) are market-driven, the IBIS's profitability remains susceptible to its fluctuations, given its limited ability to pass on the rise to customers amid intense industry competition.

##### Presence in highly competitive and fragmented industry, with strong linkages to cyclical real estate sector

The ceramic industry in India is intensely competitive consisting of entities from organised and unorganised sectors primarily due to low entry barriers, easy availability of raw material and limited initial capital investment. Hence, IBIS's ability to grow its scale of operations with optimum utilization of its manufacturing capacity in the light of competitive tile industry remains a key rating monitorable. Furthermore, the sector is also dependent on the demand from the end-user industry (i.e. real estate industry), which is strongly correlated with economic activities.

#### Working capital intensive nature of operations

Ceramic tile manufacturing sector is working-capital intensive in nature owing to large inventory holding and elongated credit terms allowed to dealers/ distributors.

IBIS manufactures porcelain slabs of various designs and sizes to cater the market demand resulting in a sizeable inventory of the finished goods. Furthermore, it also needs to maintain enough finished goods inventory at the depots and at its display centre

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

for better customer service and faster deliveries. The credit period allowed to dealers/ distributors also remains high due to intense competition in the domestic industry. Therefore, gross current asset days remain elongated at 154 days in FY24 (PY: 201 days).

### Key strengths

#### Improvement in scale of operations with healthy PBILDT margin

IBIS's TOI grew at a CAGR of 17% during last 5 years ended FY24. The company reported a TOI of ₹168.48 crore in FY24, depicting a y-o-y growth of 8% over FY23's TOI (FY23: ₹156.12 crore) mainly owing to increase in sales volume by 19.5% on y-o-y basis. Till February 16, 2025, IBIS reported a TOI of around ₹164 crore.

PBILDT margin of company remain healthy, improving by 113 bps in FY24 to 18.21% from 17.08% in FY23 on account of decrease in raw material and fuel cost. However, PAT margin remained thin at 0.86% during FY24 (FY23: 1.00%) on account of higher depreciation and interest cost.

#### Moderate capital structure and debt coverage indicators

Capital structure of IBIS is moderate marked by overall gearing of 1.37x as on March 31, 2024, as against 1.56x as on March 31, 2023. Unsecured loans amounting to Rs.33.33 crore in FY24 is treated as quasi-equity, based on bank requirement to maintain a TNW of Rs.62.12 crore. Further, debt coverage indicators of IBIS are also moderate marked by interest coverage ratio of 2.29x in FY24 (P.Y.: 2.36x) and TD/GCA of 4.99 years in FY24 (P.Y.:5.92 years).

#### Long-standing experience of the promoters in tiles industry

IBIS's operations are overseen by a experienced promoter group, who are backed by other experienced and resourceful directors. The promoters also holds directorship in Pearl Quartz Stone Private Limited and Silverpearl Tiles (I) Private Limited amongst others, which are engaged in similar line of business. Marketing and distribution network developed by these group companies has helped IBIS to scale up its operations in the domestic market.

#### Locational advantage due to presence in ceramic tiles hub

The manufacturing facilities of IBIS are located in Morbi (Gujarat) which is the second-largest ceramic cluster of the world. It provides advantage in terms of raw material sourcing and availability of skilled manpower. Furthermore, the vicinity of the city with major ports such as Kandla and Mundra, lowers down the transportation cost, helping the exporters in the region.

#### Liquidity: Stretched

The liquidity position of the company is stretched marked by its high debt repayment obligations and high working capital utilisation. The gross cash accruals are expected at around ₹20 crore - ₹24 crore during the projected period, as against debt repayment obligation of ₹15.80 crore - ₹18.50 crore. The company had cash and bank balance (inclusive of lien marked FD) of Rs. 1.70 crore in FY24 (PY: Rs. 1.20 crore). The average utilisation of fund-based limit remained high at 92% during the trailing 12-month period ending in October 2024, leaving low liquidity buffer.

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Sanitary Ware

Incorporated in 2017 by Mr Kantilal Shersiya, Mr Pratik Patel and Mr. Jayesh Sherasiya, IBIS Smart marble Private Limited is engaged in manufacturing of porcelain ceramic slabs of various sizes such as 800\*1600 mm, 800\*2400 mm, 1200\*1800 mm and further setting up machinery for manufacturing 800\*3000 mm, 800\*3200 mm, 1200\*3000 mm and 1200\*3200 mm.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	October 31, 2025 (UA)
Total operating income	156.12	168.48	88.77
PBILDT	26.66	30.69	17.18
PAT	1.57	1.44	NA
Overall gearing (times)	1.56	1.37	NA
Interest coverage (times)	2.36	2.29	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Infomerics has put the rating assigned to bank facilities of IBIS under issuer non-cooperation category considering Infomerics's inability to carry out a rating exercise in the absence of the requisite information from the company per the press release dated December 03, 2024.

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	23.29	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	07/02/2027	49.71	CARE BB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	5.00	CARE BB+; Stable / CARE A4+

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument / Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING * (26-Jul-23) 2)Withdrawn (26-Jul-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (01-Dec-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (09-Sep-21)
2	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (26-Jul-23) 2)CARE B+; Stable; ISSUER NOT COOPERATING * (26-Jul-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (01-Dec-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (09-Sep-21)
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)CARE A4; ISSUER NOT COOPERATING * (26-Jul-23) 2)Withdrawn (26-Jul-23)	1)CARE A4; ISSUER NOT COOPERATING * (01-Dec-22)	1)CARE A4; ISSUER NOT COOPERATING * (09-Sep-21)
4	Fund-based - LT-Working capital Term Loan	LT	-	-	-	1)Withdrawn (26-Jul-23) 2)CARE B+; Stable; ISSUER NOT COOPERATING * (26-Jul-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (01-Dec-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (09-Sep-21)
5	Fund-based - LT-Cash Credit	LT	23.29	CARE BB+; Stable				
6	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	5.00	CARE BB+; Stable / CARE A4+				
7	Fund-based - LT-Term Loan	LT	49.71	CARE BB+; Stable				

\*Issuer did not cooperate; based on best available information. LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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