

Greenzone Granito Private Limited

March 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	51.79 (Reduced from 61.19)	CARE BB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	21.00	CARE BB; Stable / CARE A4	Reaffirmed
Short Term Bank Facilities	7.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

For arriving at the ratings of Greenzone Granito Private Limited (GGPL), CARE Ratings Limited (CARE Ratings) has taken a combined analytical view of GGPL and Greenray Granito Private Limited (GRPL) together referred to as the Greenray Group (GG), as both the entities have common promoters, are engaged in similar line of business and has operational as well as financial linkages.

Ratings assigned to bank facilities of GG continue to remain constrained on account of moderate capital structure and debt coverage indicators along with stretched liquidity. Ratings continue to take into consideration GG's presence in a highly competitive ceramic industry, fortunes linked to demand from cyclical real estate sector along with susceptibility of profit margins to volatility in raw material and fuel costs along with currency fluctuation risk.

However, ratings continue to derive strength from GG's moderate scale of operations and profitability along with location advantage due to presence in ceramic tiles hub of Morbi (Gujarat). Ratings consider the experienced promoter in the ceramic tiles industry and the strategic investment by Aparna Enterprises Limited, which acquired 26% stake in GGPL and GRPL, from the promoter group.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in group's scale of operations marked by total operating income (TOI) above ₹150 crore or more coupled with sustaining profit before interest, lease rentals, depreciation and tax (PBILDT) margin above 18%.
- Improvement in capital structure marked by overall gearing below 1.50x on sustained basis.

Negative factors

- Decrease in scale of operations with TOI below ₹100 crore or decline in profitability below 10% on sustained basis.
- Any significant elongation in operating cycle impacting the liquidity profile.

Analytical approach: Combined

For analysis, CARE Ratings Limited (CARE Ratings) has considered combined business and financial profiles of GRPL and GGPL, collectively known as Greenray Group (GG), as both the entities have common promoters, are engaged in similar line of business and has operational as well as financial linkages. List of entities getting combined is placed at **Annexure-6**.

Outlook: Stable

The outlook on the long-term rating of GG is 'Stable', which reflects GG's financial risk profile marked by moderate scale of operations and profitability along with moderate capital structure and debt coverage indicators.

Detailed description of the key rating drivers:

Key weaknesses

Moderate capital structure and debt coverage indicators

Capital structure of GG improved, however, remained moderate marked by overall gearing of 1.47 times as on March 31, 2024, as against 2.65 times as on March 31, 2023. Unsecured loans to the extent of ₹27.50 crore (₹15 crore for GGPL and ₹12.50 crore for GRPL) is considered as quasi equity as on March 31, 2024 due to subordination clause.

Debt coverage indicators also remained moderate marked by total debt to gross cash accruals (TDGCA) and PBILDT Interest coverage of 8.18 years and 2.65 times respectively as on March 31, 2024.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Presence in a highly competitive ceramic industry with fortunes linked to demand from cyclical real estate sector

The ceramic tiles industry in India is highly competitive. Low entry barriers, easy availability of raw material and limited initial capital investment requirement has attracted large influx of unorganized and regional players. Hence, GG's ability to scale up its operations and achieve healthy capacity utilization levels in the light of competitive vitrified tiles industry will continue to remain crucial. Furthermore, most of the demand for the tiles comes from the real estate industry, which, in India is highly fragmented. The real estate industry is inherently cyclical in nature thus, any negative impact on real estate industry will adversely affect the prospects of ceramic tiles industry as well as the GG.

Susceptibility of profit margins to volatility in raw material and fuel prices

Prices of key raw materials i.e. clay, feldspar, quartz, glaze mix, kaolin, frit, body chemical which forms around 59% of cost of sales (COS) are market driven and puts pressure on the margins of tiles manufacturers in case of adverse movement in the prices of these key raw materials. GG purchases body clay from Rajasthan especially from Jodhpur, Beawar, Bikaner mines and purchases chemicals, frit from Gujarat especially from Mehsana, Vadodara and Morbi. Another major cost component is fuel cost. Fuel cost comprises of fuel in the form of gas to operate kiln, coal to heat residue and power to operate machineries other than kiln. GG purchases Piped Natural Gas (PNG) and Liquefied Natural Gas (LNG) from Gujarat Gas Limited (GGL), wherein prices experience volatility mainly on account of its linkages with the international market demand-supply.

Key Strengths

Moderate scale of operations and profitability margins

GRPL commenced its operations from July 2022 while GGPL commenced its operations from October 2023. Due to its limited track record of operation, GG operates on moderate base with TOI of ₹128.14 crore in FY24 as against ₹23.69 crore in FY23. GRPL does not have spray dryer to process body clay, and its requirement of body clay is entirely fulfilled by GGPL. Profitability of the group remained moderate marked by PBILDT and profit after tax (PAT) margins of 20.03% and 3.25% respectively during FY24.

During 11MFY25, GG reported TOI of ₹94.56 crore. In FY25, revenue as well as profitability is envisaged to remain lower than FY24 level due to moderation in the export demand as well as increase in the freight cost.

Experienced promoters in ceramic tiles industry

GG is commonly promoted by three promoters i.e. Mr. Vivekrajsinh Jadeja, Mr. Narendrasinh Parmar, and Mr. Parth Sanghvi. Mr. Narendrasinh Parmar looks after the overall management of the company with its 25 years of industry experience, Mr. Vivekrajsinh has six years and Mr. Parth Sanghvi has two year of industry experience. All are active partners of GG. Further, GG carry out direct exports to only Colombia while it conducts mercantile exports to Gulf countries via its group concern named Raj exports and Azzura ceramics, which are involved into direct exports of GVT & PGVT tiles. Both are proprietorship entity and run by Mr. Narendrasinh Parmar and Mr. Abhizar Lakadawala respectively.

In July 2024, AEL acquired 26% equity stake in both the entities (GGPL and GRPL) from its promoter group. AEL is part of Hyderabad based Aparna Group. Presently, AEL operates in four major segments – ready mix concrete (RMC), tiles, unplasticized polyvinyl chloride (UPVC) profiles as well as windows, doors and luxury sanitaryware (trading).

The acquisition by AEL is envisaged to bolster GG's operations, leveraging AEL's established operations and expanding distribution network.

Location advantage due to presence in ceramic tiles hub

GG's manufacturing facilities is located at Wankener, Gujarat which is close to Morbi -a ceramic hub of India. Morbi houses over 900 ceramic tiles manufacturers and contributes ~75-80% of India's ceramic tiles production. It provides advantage in terms of raw material sourcing, easy availability of skilled manpower and lower transport cost in export due to proximity to Kandla port.

Liquidity: Stretched

The liquidity position of GG remained stretched marked by elongated operating cycle, higher utilization of working capital limits moderate liquidity ratios and negative cash flows from operations.

GG reported negative cash flow from operation of ₹22.32 crore during FY24. Furthermore, considering the moderation in the sales and profitability in 9MFY25, promoters along with AEL have supported the operation of GG through infusion of unsecured loan.

Current ratio remained moderate at 1.18 times, while quick ratio remained at 0.69 times as on March 31, 2024. On a group level, average fund-based working capital utilization remained high at ~95% for past 12 months ended February 28, 2025.

Working capital cycle remained elongated at 127 days during FY24 as against 106 days during FY23 on account of elongation in the debtor days.

Applicable criteria

[Consolidation](#)

[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	Ceramics

Based out of Morbi (Gujarat), Greenray group (GG) is promoted by Mr. Narendrasinh Parmar, Mr. Vivekrajsinh Jadeja, and Mr. Parth Sanghvi.

Both GGPL and GRPL are engaged into manufacturing of glazed vitrified tiles (GVT) and polished glazed vitrified tiles (PGVT) with the size ranging from 600mm x 600mm, 600mm x 1200mm, 1200mm x 1200mm, 1200mm x 1600mm, 1200mm x 1800mm and 800mm x 1600mm, etc.

Group has total installed capacity of 2.33 lakhs metric tons per annum as on March 31, 2024. Group operates from its manufacturing plants located at Morbi, Gujarat and sell its products under the brand name of "Invoke".

Combined – GG

Brief Financials (₹ crore)	March 31, 2023* (UA)	March 31, 2024 (UA)	11MFY25 (UA)
Total operating income	23.69	128.14	94.56
PBILDT	2.98	28.63	NA
PAT	-3.37	6.06	NA
Overall gearing (times)	2.65	1.98	NA
Interest coverage (times)	0.99*	2.73	NA

UA: Unaudited as financials of both companies are combined based on line-by-line addition and netting off intergroup transactions;

NA: Not available; *FY23 Financials are adjusted for 9 months considering the commencement of operations; Note: these are latest available financial results

Standalone - GGPL

Brief Financials (₹ crore)	March 31, 2023* (A)	March 31, 2024 (A)	11MFY25 (UA)
Total operating income	5.62	56.45	57.81
PBILDT	0.84	12.58	NA
PAT	0.03	-0.33	NA
Overall gearing (times)	2.40	1.60	NA
Interest coverage (times)	1.04*	2.44	NA

A: Audited; UA: Unaudited; NA: Not available; *FY23 Financials are adjusted for 3 months considering the commencement of operations.

Note: these are latest available financial results.

Status of non-cooperation with previous CRA: Brickworks vide its PR dated June 25, 2024, has reviewed the rating of GGPL under INC category due to non-availability of the information.

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-Term Loan	-	-	-	February-2030	51.79	CARE BB; Stable
Fund-based - LT/ ST-Cash Credit	-	-	-	-	21.00	CARE BB; Stable / CARE A4
Non-fund-based - ST-Bank Guarantee	-	-	-	-	7.00	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/ ST-Cash Credit	LT/ST	21.00	CARE BB; Stable / CARE A4	1)CARE BB; Stable / CARE A4 (14-May-24)	1)CARE BB; Stable / CARE A4 (14-Mar-24) 2)CARE BB-; Stable / CARE A4 (07-Apr-23)	-	-
2	Fund-based - LT-Term Loan	LT	51.79	CARE BB; Stable	1)CARE BB; Stable (14-May-24)	1)CARE BB; Stable (14-Mar-24) 2)CARE BB-; Stable (07-Apr-23)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	7.00	CARE A4	1)CARE A4 (14-May-24)	1)CARE A4 (14-Mar-24) 2)CARE A4 (07-Apr-23)	-	-

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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Greenzone Granito Private Limited	Full	Operational and financial linkages
2	Greenray Granito Private Limited	Full	Operational and financial linkages

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 for clarifications.

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About us:

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