

Jalaram Ceramics Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.55	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	18.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE B+; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	6.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Jalaram Ceramics Limited (JCL) to monitor the rating(s) vide e-mail communications December 17, 2024, December 20, 2024, December 26, 2024, December 30, 2024, January 03, 2025, January 07, 2025, January 13, 2025, January 17, 2025, January 20, 2025, January 23, 2025, February 05, 2025, February 19, 2025, March 04, 2025 and March 07, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, JCL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on JCL's bank facilities will now be denoted as **CARE B; Stable/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in the rating assigned to the bank facilities of JCL is due to non-availability of solicited information to monitor the credit rating. The ratings assigned to the bank facilities of JCL remained constrained on account of small scale of operations along with moderate profitability, deterioration in capital structure as well as debt coverage indicators and stretched liquidity during FY24 (Audited, FY refers to the period April 01 to March 31). The ratings further remained constrained on account of susceptibility of profit margins to volatility in raw material and fuel costs and presence in a highly competitive ceramic industry and fortunes linked to demand from cyclical real estate sector. The ratings, however, favourably takes into consideration experienced promoters with established track record of operations.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on February 21, 2024, the following were the rating strengths and weaknesses (updated for the information available from financial statement of FY24).

Key weaknesses

Small Scale of Operations and moderate profitability

JCL's scale of operations, as reflected by total operating income (TOI), remained modest at Rs. 62.65 crore in FY24, compared to Rs. 64.59 crore in FY23. JCL had entered into a contract with Hetero Drugs Limited, Hyderabad, for supplying APIs on a commission basis from FY20 to FY22, with the contract being renewed for FY23.

JCL's profitability margins remained moderate, with the PBILDT margin at 8.78% in FY24, a decrease from 9.47% in FY23. However, due to higher depreciation and interest costs arising from a recently completed project, the PAT margin was thin at 1.03% in FY24, compared to 0.51% in FY23.

Despite this, JCL reported a moderate GCA of Rs. 4.59 crore in FY24, which includes Rs. 4.45 crore related to sundry creditors written off due to losses incurred from defective coal and poor-quality raw materials supplied. The supplier, however, has not

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

accepted the company's claim and has issued a demand notice under the Insolvency and Bankruptcy Code, 2016, for recovery of the amount.

Deterioration in capital structure and debt coverage indicators

The capital structure of JCL deteriorated and remained leveraged marked by overall gearing of 2.63x as on March 31, 2024 as against 2.53x as on March 31, 2023 owing to increase in total debt level as on March 31, 2024 on account of increased working capital utilization. Further, debt coverage indicators also remained modest as marked by total debt to GCA at 14.26 years as on March 31, 2024 as against 19.62 years as on March 31, 2023 and interest coverage of 0.97x during FY24 as against 1.74x during FY23.

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

Prices of raw material i.e. clay & feldspar is market driven and expected to put pressure on the margins of tile manufacturers. Another major cost component is fuel expenses in the gas form which is to fire the furnace. The profitability of JCL remains exposed to volatile Liquefied natural Gas (LNG) prices, mainly on account of its linkages with the international demand supply of natural gas. It avails LNG from Gas Authority of India Limited (GAIL) and from Sabarmati Gas Limited (SGL). Hence, JCL's ability to control its cost structure would be crucial going forward especially in the light of competitive environment.

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

JCL operates in a highly competitive segment of the ceramic industry marked by low entry barriers, presence of large number of organized and unorganized players with capex planned by existing players in the industry as well as new entrants. This situation is likely to increase the level of competition which is expected to put pressure on profitability of the manufacturers. Furthermore, most of the demand for the tiles comes from the real estate industry, which, in India is highly fragmented and cyclical. The real estate industry is also highly sensitive to the interest rates and liquidity position in market. Thus, any negative impact on the real estate industry will adversely affect the prospects of ceramic tiles industry as well as the company.

Key strengths

Experienced promoters with established track record of operations

JCL was originally established as a partnership firm named Siddharth Ceramics in the year 1990 and was later converted into a closely held public limited company in February, 1995. It is engaged in manufacturing of digital floor tiles. The business of JCL is currently jointly managed by Mr. Ghanshyam Thakkar, Mr. Girish Thakkar, Mr. Mukesh Sachdev, Mr. Ashutosh Thakkar Mr. Prafulchandra Bhatt and Ms. Smriti Tripathi. Majority of promoters have an experience of around three decades in the same line of business. Hence, the key promoters are well-versed with the industry which has helped JCL in establishing its customer base.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[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

Ahmedabad-based (Gujarat) Jalaram Ceramics Limited (JCL) was originally established as a partnership firm named Siddharth Ceramics in the year 1990 and was later converted in a closely held public limited company in February, 1995. JCL is jointly managed by Mr. Ghanshyam Thakkar, Mr. Girish Thakkar, Mr. Mukesh Sachdev, Mr. Ashutosh Thakkar, Mr. Prafulchandra Bhatt. JCL is engaged into manufacturing of digital floor tiles (GVT-Glazed Vitrified Tiles & PGVT – Polished Glazed Vitrified Tiles) and parking tiles with an installed capacity of 90,000 Metric Tonnes Per Annum (MTPA) as on March 31, 2023. The products of JCL are sold in the brand name of "Siddharth" in domestic market.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	64.59	62.65
PBILDT	6.12	5.50
PAT	0.33	0.65
Overall gearing (times)	2.53	2.63
Interest coverage (times)	1.74	0.97

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

Status of non-cooperation with previous CRA: Not applicable

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		-	-	October 2027	18.55	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ST-Cash Credit		-	-	-	18.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	6.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	18.55	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (21-Feb-24)	1)CARE B+; Stable (07-Dec-22) 2)CARE BB-; Stable (28-Apr-22)	1)CARE BB-; Stable (03-Jan-22)
2	Fund-based - LT/ST-Cash Credit	LT/ST	18.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable / CARE A4 (21-Feb-24)	1)CARE B+; Stable / CARE A4 (07-Dec-22) 2)CARE BB-; Stable / CARE A4 (28-Apr-22)	1)CARE BB-; Stable (03-Jan-22)
3	Non-fund-based - ST-BG/LC	ST	6.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (21-Feb-24)	1)CARE A4 (07-Dec-22) 2)CARE A4 (28-Apr-22)	1)CARE A4 (03-Jan-22)

*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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-BG/LC	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 for clarifications.

Contact us

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About us:

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