

Millennium Tiles LLP

March 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	22.68	CARE BB (RWD)	Placed on Rating Watch with Developing Implications
Short Term Bank Facilities	4.32	CARE A4 (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has placed ratings of bank facilities of Millennium Tiles LLP (MTL) on rating watch with developing implications (RWD) following its management's articulation of divesting majority equity stake to Hella Infra Market Limited (HIML). CARE Ratings will evaluate the impact of the same on the firm's operational and financial performance and review ratings once clarity emerges on the same.

For arriving at the ratings of MTL, CARE Ratings has taken a combined view of MTL, Millennia Ceramica Private Limited (MCPL), and Millennia Tiles Private Limited (MTPL) as these entities as they are engaged in the similar line of business (i.e. manufacturing of ceramic tiles) and have common promoters. They are together referred as "MG Group"

Ratings assigned to the bank facilities of MG group continue to remain constrained due to its leveraged capital structure and moderate debt coverage indicators, its presence in highly fragmented industry with fortunes dependent upon real estate market, susceptibility of its profitability to volatile natural gas, propane and key raw material prices and stretched liquidity.

Ratings, however, continue to derive strength from MG Group's experienced and resourceful promoters with an established presence in the ceramic tile industry, location advantage derived by being present in the ceramic tile cluster, accessibility to existing selling and distribution network of the associate companies and moderate scale of operations along with moderate profitability and low customer concentration risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income (TOI) to over Rs.250 crore on a sustained basis, while maintaining its profitability
- Improvement in capital structure marked by reduction in overall gearing below unity.

Negative factors

- Deterioration in overall gearing beyond 4 times.
- Increase in working capital intensity resulting in elongation of the working capital cycle to more than 150 days

Analytical approach: Combined

For arriving at the ratings of MTL, CARE Ratings has taken a combined approach of MTL, MTPL and MCPL as these entities are a part of 'Millennium group', are engaged in the similar line of businesses (i.e. manufacturing of ceramic tiles) and have common promoters. They are together referred as "MG Group". List of entities getting combined/consolidated is placed at **Annexure-6**.

Detailed description of key rating drivers:

Key weaknesses

Leveraged capital structure and moderate debt coverage indicators

Capital structure of MG group remains leveraged as marked by overall gearing of 2.09x as on March 31, 2024 (FY23: 1.92x). Higher reliance on debt for setting up of greenfield projects and additional loans for solar projects on a modest net worth base of Rs. 74 crore as on March 31, 2024 (Rs.67 as on March 31,2023) has resulted in a leveraged capital structure. The profit before interest, lease, depreciation and tax (PBILDT) interest coverage for MG group remained moderate 2.93x in FY24 (FY23: 3.07x). The total debt to gross cash accruals (TDGCA) remained modest at 6.89x (FY23:5.03x) in FY24.

Presence in highly fragmented industry with fortunes dependent upon real estate market

The ceramic tile 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. Moreover, the ceramic tile industry has strong linkages with the real estate industry, which, in India is highly fragmented and cyclical.

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

Exposure to volatile natural gas and key raw material prices

The prices of major raw material i.e. clay and fuel (natural gas/propane) constitute a major part of the cost structure of an entity in the ceramic tile industry. Considering prices of both (clay and fuel) are market driven, inability of the company to pass it on to its customers may exert pressure on profitability of the company. However, flexibility to use propane mitigates the risk of volatility in natural gas prices and vice versa, to a certain extent and provides the group with alternative source of energy. (MTPL and MCPL had started using Propane since October 2022 whereas MTL had started its use since June 2022.)

Key strengths

Moderate scale of profitability

TOI of MG group grew by 10% on y-o-y basis from Rs. 240 crore in FY23 to Rs. 264 crore in FY24. However, PBILDT margin declined by ~270 bps to ~12% in FY24 on account of increase in cost of raw material. Profit after tax (PAT) margin remained moderate at 1.30% in FY24 (FY23: 1.30%). MG Group reported GCA of Rs. 23 crore in FY24 as against Rs. 26 crore on FY23. MTL reported TOI of Rs. 81.29 crore in FY24 (FY23: Rs. 82.06 crore) and Rs. 48 crore in 9MFY25. It reported PBIDT margin of 7.20% in FY24 (FY23: 9.90%).

Location advantage with presence in the ceramic tile manufacturing cluster

Manufacturing facilities of all the entities of MG group are located at Morbi in Gujarat which is the largest ceramic cluster in India & second largest in the world. Moreover, proximity of major ports (such as Kandla and Mundra) also lowers the transportation cost and facilitates timely export.

Experienced and resourceful promoters and established selling and distribution network

MTL is a part of 'Millennium group' promoted by Mr. Rakesh Koradiya, Mr. Vallabh Koradiya, and Mr. Kunal Patel Jayeshbhai Koradiya, Rajeshbhai Koradiya and Ravibhai Koradiya. All the directors and promoters have vast experience in the ceramic tile industry and are assisted by a team of professionals. The group is a conglomerate of various entities which have diversified business operations with core business of ceramic tiles. Exports from all the group entities is routed through its group entity i.e. Millennium Overseas, which holds export license for multiple countries. Hence, MG Group has an added advantage in terms of access to established selling and distribution network of the Millennium group across India and overseas.

Low customer concentration risk

The customer concentration risk remains low with top 5 customers contributing around 28% of the total operating income for FY24 (FY23: 36% of TOI). While domestic sales is diversified, exports is routed through Millennium Overseas, which on a combined basis accounted for approximately 16% of MG Group's TOI for FY24 (FY23: 22%).

Liquidity: Stretched

MG group's liquidity position is stretched on account of negative cash flow from operations and moderate GCA against debt repayment obligation. MG Group is expected earn GCA of around Rs. 24-29 crore from FY25-27, vis-à-vis repayment ranging from Rs. 18-22 crore. MG Group has sanctioned working capital limits of Rs. 37 crore, average utilisation of which, remains high at 89% for trailing 12-month period ended on December 2024 whereas the maximum utilization of the same remained at 94 % during the same period. As on March 31, 2024, MG Group had low free cash & bank balance of Rs. 0.33 crore (Rs. 0.41 crore). Working capital cycle of MG group elongated from 74 days in FY23 to 89 days in FY24 due to high average collection period of 98 days (FY23: 92 days) with debtors outstanding for more than 6 months constituting around 12% of total debtors as on the balance sheet date (i.e. March 31, 2024). Cashflow from operations was negative of Rs. 2.20 crore in FY24 as against positive cashflow from operations of Rs. 13 crore during FY23.

Assumptions/Covenants: Not applicable

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

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 firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Ceramics

Incorporated in 2017, Millennium Tiles LLP (MTL) is a part of Morbi-based Millennium group. MTL is promoted by Jayeshbhai Koradiya, Rajeshbhai Koradiya and Ravibhai Koradiya. MTL was a green field project undertaken by Millennium group for manufacturing of glazed vitrified tiles (GVT) and polished glazed vitrified tiles (PGVT) with a total installed capacity of 51,84,000 square meter per annum . The company is located at Morbi, Gujarat. The company is into manufacturing of GVT of size 600MM x 1200MM with thickness of 8MM.

Combined financials of MG Group

Brief Financials (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)
Total operating income	239.87	263.63
PBILDT	36.25	32.73
PAT	3.98	3.45
Overall gearing (times)	1.92	2.09
Interest coverage (times)	3.07	2.93

A: Audited UA: Unaudited (Financials are combined by CARE Ratings); Note: these are latest available financial results

Standalone Financials of MTL:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	82.06	81.29	48.00
PBILDT	8.12	5.85	NA
PAT	2.08	0.82	NA
Overall gearing (times)	1.38	1.78	NA
Interest coverage (times)	2.91	2.48	NA

A: Audited UA: Unaudited; Note: these are latest available financial results NA: Not available

Status of non-cooperation with previous CRA: Infomerics has reviewed the ratings assigned to the bank facilities of MTL under 'Non-Cooperation' category vide press release dated July 09, 2024, due to non-availability of the requisite 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-Cash Credit		-	-	-	10.00	CARE BB (RWD)
Fund-based - LT-Term Loan		-	-	March 2028	12.68	CARE BB (RWD)
Non-fund-based - ST-Bank Guarantee		-	-	-	4.32	CARE A4 (RWD)

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	12.68	CARE BB (RWD)	-	1)CARE BB; Positive (27-Mar-24)	1)CARE BB; Stable (24-Feb-23)	-
2	Fund-based - LT-Cash Credit	LT	10.00	CARE BB (RWD)	-	1)CARE BB; Positive (27-Mar-24)	1)CARE BB; Stable (24-Feb-23)	-
3	Non-fund-based - ST-Bank Guarantee	ST	4.32	CARE A4 (RWD)	-	1)CARE A4 (27-Mar-24)	1)CARE A4 (24-Feb-23)	-
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	-	1)Withdrawn (27-Mar-24)	1)CARE BB; Stable / CARE A4 (24-Feb-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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To 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.	Millennia Tiles Private Limited	Full	Operational and financial linkages
2.	Millennia Ceramica 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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