

Stone Granito LLP

March 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	59.50	CARE BB; Stable	Assigned
Short Term Bank Facilities	5.50	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Stone Granito LLP (SGL) is primarily constrained on account of stabilization risk associated with large sized debt funded project, stretched liquidity, susceptibility of profit margins to volatility in raw material prices, presence in the highly competitive ceramic tiles industry with fortunes linked to demand from the real estate sector and limited liability partnership nature of constitution.

The ratings, however, derive strength from SGL's experienced promoters with an established track record in the ceramic industry, strategic location of its manufacturing unit in ceramic cluster of Morbi and advanced stage of project completion.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful completion and stabilization of the project within envisaged cost and time parameters.
- Growth in scale of operations with total operating income (TOI) exceeding Rs.100 crores along with comfortable PBILDT margin.

Negative factors

- Delay in completion of the project or any cost overrun.
- Any delay in scaling up of operations resulting in lower than envisaged scale of operations or profitability.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectations that SGL 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

Large scale debt funded project albeit advanced stage of completion

SGL is setting up manufacturing unit for Glaze vitrified tiles in Morbi with installed capacity of 105600 MTPA. Total project cost is of Rs.73.21 cr. funded through debt equity ratio of 1.15x. Term loan of Rs.39.50 has been sanctioned. As on December 31, 2024, SGL incurred cost of Rs.54.43 cr. funded through capital of Rs.22.42 cr., term loan of Rs.26.70 cr. and unsecured loans of Rs.5.31 cr. Manufacturing setup including installation of machinery is already completed and commercial production is expected from April, 2025.

Presence in highly fragmented ceramic 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.

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

Cost of major components i.e. raw materials (clay) and power & fuel cost (i.e. natural gas & propane) are market-driven and hence inability of the firm to pass it on to its customers may exert pressure on the profitability of the company. Ceramic tile business is working capital intensive due to the requirement of holding higher inventory levels for better customer service and faster deliveries and extension of elongated credit period to dealers and distributors.

Limited Liability nature of constitution of firm

SGL is a limited liability partnership firm hence, constitution as partnership firm restricts its overall financial flexibility in terms of limited access to external funds for any future expansion plans. There is an inherent risk of withdrawal of capital due to the partnership constitution of the entity. The partners may withdraw capital from the business as and when it is required, which may put pressure on capital structure of the firm.

Key strengths

Experienced promoters

SGL is promoted by Mr. Manish Adroja, Mr. Ramesh Fefar, Mr. Satish Bavarava and Mr. Vraj Adroja, who has over 15-20 years of experience in ceramic industry vide their association with other group companies. Long-standing presence of the partners in the industry will help firm to establish healthy relationship with its customers and suppliers.

Locational advantage with presence in the ceramic tile manufacturing cluster of India

SGL's manufacturing facility is located at Morbi in Gujarat, which is the largest ceramic cluster of India. It provides advantage in terms of raw material sourcing and easy availability of skilled manpower. Clay and glaze frit is easily available from Gujarat and parts of Rajasthan, and liquified natural gas for firing of kilns is supplied by a Gujarat State PSU, Gujarat Gas Ltd. (rated CARE AAA; Stable/CARE A1+). Moreover, the vicinity of the city to major ports (such as Kandla and Mundra) will also lower the transportation cost and thus help the exporters of ceramic tiles from the region.

Liquidity: Stretched

Liquidity of firm remains stretched, with its operations not having started yet. Completion of project within envisaged time and cost is key rating monitorable.

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	Ceramics

Morbi based Stone Granito LLP was incorporated on January 18, 2024, for manufacturing vitrified tiles with total capacity of 105600 MT per annum. The company is promoted by Mr. Manish Adroja, Rameshbhai Fefar, Chetan Bavarva, Vraj Adroja alongwith 10 other partners.

The company is expected to get operational from April 2025 onwards. The total cost of project is Rs.73.71 cr. funded through debt equity ratio of 1.15x. Promoters of the firm also has other group companies involved in similar business. Key group company is Segra Granito LLP (rated CARE BBB-; Stable), is engaged in manufacturing of double charge vitrified tiles.

Brief Financials: Not Applicable since it is project stage entity

Status of non-cooperation with previous CRA: None

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	31-03-2032	39.50	CARE BB; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	5.50	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	39.50	CARE BB; Stable				
2	Fund-based - LT-Cash Credit	LT	20.00	CARE BB; Stable				
3	Non-fund-based - ST-Bank Guarantee	ST	5.50	CARE A4				

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](#)

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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