

Metro City Tiles Private Limited

March 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	27.48	CARE BB; Stable	Assigned
Long Term / Short Term Bank Facilities	11.52	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Metro City Tiles Private Limited (MCTPL) are constrained on account of its modest scale of operations and profitability, moderate capital structure and debt coverage indicators, and execution and stabilization risk with the on-going debt-funded capex. Ratings are also constrained on account of the susceptibility of its profitability to volatility in raw material and fuel prices, and company's presence in the highly competitive ceramic industry with fortunes linked to demand from cyclical real estate sector.

The ratings however derive strength from the extensive experience of its promoters in the tile manufacturing industry, location advantage derived due to its presence in ceramic tiles hub, and its adequate liquidity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total operating income (TOI) above Rs.100 crore with PBILDT margin above 7%
- Timely completion and stabilization of the on-going debt-funded capex

Negative factors

- Decline in TOI below Rs.50 crore on a sustained basis with decline in PBILDT margin below 4%
- Deterioration in overall gearing above 2.75x

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE) expectation that the firm shall continue to benefit from its experienced promoters in the ceramic industry

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations and profitability

MCTPL's TOI has remained stable in the range of Rs.60-70 crore over the past five years ended FY24 and stood at Rs.68.96 crore during FY24. During the same period, PBILDT margin for the company has normally ranged between 4-7%. It stood at 4.27% during FY24 (P.Y.: 6.08%). Decline in margin is majorly attributed to slowdown in industry and decline in sales realization. In 9MFY25, TOI stood at Rs.46.55 crore while PBILDT margin stood at 4.92%.

Moderate capital structure and debt coverage indicators along with execution and stabilization risk with the on-going debt-funded capex

Company's capital structure stood moderate over the past five years ended FY24 as marked by an overall gearing in the range of 0.30x to 0.70x. The same stood at 0.76x as of March 31, 2024, albeit with a moderate net worth base of Rs.14.88 crore. Debt coverage indicators also stood moderate as marked by PBILDT interest coverage ratio of 2.58 times and Total Debt to Gross Cash Accruals of 6.28 times during FY24.

Going forward, company's capital structure is expected to moderate on account of the debt-funded capacity expansion capex being undertaken by the company. The total cost of the project is ~Rs.25 crore, funded in the ratio of 70:30 of term debt and unsecured loans from promoters (USLs). Debt has already been tied-up and as on March 21, 2025, company has already incurred ~90% of the cost. The project is expected to be completed by July 2025, following which company's scale and profitability are expected to improve.

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

Prices of key raw materials i.e. clay, feldspar, glaze mix, clay, which forms around 32% 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. Another major cost component is fuel costs, which comprise of gas to operate kiln, coal to heat residue, and power to operate machineries other than kiln. MCTPL purchases Piped Natural Gas (PNG) and Liquefied Natural Gas (LNG) from government as well as private players, wherein prices experience volatility mainly on account of its linkages with the international demand-supply.

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 the 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, MCTPL's ability to compete in the vitrified tiles industry will continue to remain crucial. Further, most of the demand for the tiles comes from the real estate industry which is highly fragmented and cyclical. Thus, any negative impact on real estate industry will adversely affect the prospects of ceramic tiles industry as well as the company. However, due to anti-China movement and faster than expected recovery of demand in the domestic market, scaling up of operations by ceramic tiles entities has been faster than envisaged.

Key strengths

Experienced promoters in ceramic tiles industry

MCTPL is part of the Morbi-based Metro group which has established operations in the tile manufacturing segment for nearly two decades, with varied product offerings including ceramic tiles, porcelain floor tiles, vitrified tiles, and wooden floor tiles, among others. Mr. Shekhar Adroja is the Chairman and Managing Director of MCTPL and has industry experience of nearly two decades. He looks after the marketing function of the company. He is ably supported by Mr. Dilip Adroja, Mr. Ramji Padaliya, and Mr. Hitesh Padaliya, who look after the finance, operations, and production function respectively.

Location advantage due to presence in ceramic tiles hub

MCTPL's manufacturing facility is located in Morbi – the ceramic hub of India. Morbi houses over 900 ceramic tiles manufacturers and contributes around 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: Adequate

Liquidity of MCTPL stood adequate as marked by moderate average working capital limit utilization of around 77% over the past twelve months ended December 2024, adequacy of cash accruals vis-à-vis scheduled debt repayments, and moderate cash flow from operations over the past three years.

Current ratio of the company stood at 1.40 times while quick ratio stood at 0.95 times as at FY24-end. MCTPL has an elongated collection period, which stood at 110 days during FY24 (FY23: 106 days). However, the same is offset by higher credit received from suppliers, resulting in creditor days of 79 days during FY24 (FY23: 89 days).

Free cash and bank balance with the company stood of Rs.0.12 crore as on December 31, 2024.

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

Metro City Tiles Private Limited (MCTPL) was incorporated in December 2007 and is part of the Morbi-based Metro group, which has established operations in the tile manufacturing segment for nearly two decades, with varied product offerings including ceramic tiles, porcelain floor tiles, vitrified tiles, and wooden floor tiles, among others. Primarily promoted by the Adroja family, MCTPL is engaged in manufacturing of glazed vitrified tiles, mainly of 600x1200 mm size, with an installed capacity of ~25,00,000 boxes per annum.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	63.97	68.96	46.55
PBILDT	3.89	2.94	2.29
PAT	0.72	0.28	NA
Overall gearing (times)	0.74	0.76	NA
Interest coverage (times)	2.72	2.58	2.83

A: Audited UA: Unaudited; NA: Not Available; 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 (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		-	-	-	10.11	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	January 2031	17.37	CARE BB; Stable
Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing		-	-	-	2.00	CARE BB; Stable / CARE A4
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	5.70	CARE BB; Stable / CARE A4
Non-fund-based - LT/ ST-Derivative Limits		-	-	-	3.82	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/ ST-Bill Discounting/ Bills Purchasing	LT/ST	2.00	CARE BB; Stable / CARE A4				
2	Fund-based - LT-Cash Credit	LT	10.11	CARE BB; Stable				
3	Fund-based - LT-Term Loan	LT	17.37	CARE BB; Stable				
4	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.70	CARE BB; Stable / CARE A4				
5	Non-fund-based - LT/ ST-Derivative Limits	LT/ST	3.82	CARE BB; Stable / CARE A4				

LT: Long 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	Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple
5	Non-fund-based - LT/ ST-Derivative Limits	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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