

Rock Slabs LLP

May 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	87.00	CARE BB-; Stable	Assigned
Short Term Bank Facilities	7.50	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Rock Slabs LLP (RSLLP) are primarily constrained on account of execution and stabilization risk associated with on-going debt funded capex, susceptibility of profitability to raw material and fuel price volatility along with foreign exchange fluctuation and presence in a competitive ceramic tiles industry with fortunes linked to demand from the real estate sector. The ratings are also constrained on account of limited liability partnership nature of constitution. However, the ratings derive strength from its experienced promoters in ceramic industry and location advantage with presence in ceramic cluster of India.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful implementation and stabilization of ongoing debt funded capex without any time and cost overrun
- Successful scaling of operations with annualized total operating income (TOI) exceeding Rs.80 crores along with comfortable profit before interest, lease, depreciation and tax (PBILDT) margin.

Negative factors

- Delay in project execution and commencement of operations putting pressure on liquidity of the firm.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings' expectation that the firm shall benefit from its experienced promoters in the ceramic industry.

Detailed description of key rating drivers:

Key weaknesses

Execution and stabilization risk associated with on-going debt funded capex

RSLLP is setting up a greenfield Porcelain Tiles manufacturing plant with an installed capacity of 82,087 MTPA. The estimated project cost is Rs.111.36 crore, funded through term loan of Rs. 62.00 crore and partners' contribution of Rs. 49.36 crore in the form of capital of Rs.29.05 crore and USL of Rs.20.31 crore. The project is expected to be completed by August 2025 and commercial production will start in the September 2025.

As on March 31, 2025, the firm has incurred cost of Rs.47.36 crore towards the project, funded through term loan of Rs.4.99 crore and promoters' contribution of Rs.42.37 crore. Land acquisition and civil work has been completed, order for all machineries has been placed and part machinery has been received.

Susceptibility of profit margin to volatility in raw material and fuel prices as well as forex fluctuation

Raw material and fuel form major cost for tiles manufacturing entities. Companies generally use gas and electricity to operate machineries. The profitability of RSLLP remains susceptible to the volatility in prices of raw material and fuel especially gas prices given its limited ability to pass on the rise to customers amidst intense competition in the industry.

Presence in a competitive and fragmented industry

Indian ceramic manufacturing industry is in clusters across different states. Out of this, Gujarat accounts for more than 90% of the market share. The industry comprises of many organized as well as unorganized players manufacturing similar products for domestic and international markets due to low entry barriers, limited product differentiation and limited capital requirement. This results in intense competition and limited pricing power for players operating in this industry. Also, ceramic industry is highly dependent on the real estate market which in turn closely follows the macro-economic cycle. Thus, any negative impact on real estate industry will adversely affect the prospects of ceramic tiles industry.

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

Limited Liability nature of constitution of firm

RSLLP 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

The firm is promoted by three families i.e., Padsumbiya & Detroja family, Halpara family and Kalariya family. The designated partners of the firm Vipulkumar Padsumbiya, Lalit Detroja, Nishit Viramgama and Parth Halapara have an average experience of more than 10 years in the ceramic sector through various group entities. Long-standing presence of the partners in the industry will help firm to establish healthy relationship with its customers and suppliers

Location advantage with easy access to raw material, fuel, and labor

RSLLP's plant is located at Morbi, Gujarat which is world's 2nd largest ceramic manufacturing cluster after Foshan in China. Morbi accounts for 90% of the total ceramic production in India and houses more than 600 units engaged in manufacturing of wall tiles, vitrified tiles, floor tiles, sanitary wares, roofing tiles and such other products. It provides advantage in terms of raw material sourcing, easy availability of skilled manpower and lower freight cost due to proximity to Kandla port.

Liquidity: Stretched

Project implementation and stabilization along with generation of envisaged cash accruals to meet the debt obligation shall remain crucial from credit perspective. Term loan for the project has been sanctioned and scheduled repayment shall commence from October 2026. The term loan will be repaid in 99 monthly instalments in graduated repayment structure which indicates the principal instalments will be lower for the first few years and hence provides cushion to the liquidity of the company in initial years of operations.

The company has been sanctioned cash credit limit of Rs.25.00 crore, which is presumed to be sufficient in medium term to manage working capital needs.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Morbi (Gujarat) based Rock Slabs LLP (RSLLP) was incorporated in November 2021. The firm is promoted by three families i.e., Padsumbiya & Detroja family, Halpara family and Kalariya family. RSLLP is setting up a greenfield project for manufacturing of Porcelain Tiles with an installed capacity of 82,087 MTPA. The firm is expected to get operational from September 2025 onwards. The total cost of project is Rs.111.36 crore funded through debt-equity ratio of 1.26x.

Brief Financials: Not Applicable since RSLLP is a project phase entity

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		-	-	-	25.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	15-12-2034	62.00	CARE BB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	7.50	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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	25.00	CARE BB-; Stable				
2	Fund-based - LT-Term Loan	LT	62.00	CARE BB-; Stable				
3	Non-fund-based - ST-Bank Guarantee	ST	7.50	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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