Airo Lam Limited

July 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	15.96 (Reduced from 21.79)	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	86.75 (Enhanced from 81.75)	CARE BBB; Stable / CARE A3+	Reaffirmed
Short-term bank facilities	2.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Ratings assigned to bank facilities of Airo Lam Limited (ALL) continue to derive strength from vast experience of its promoters, established track record of operations in the laminate industry, moderate profitability, moderate capital structure and adequate liquidity.

However, ratings continue to remain constrained considering its moderate scale of operations, sizeable working capital requirements, profitability susceptible to raw materials price volatility and foreign exchange fluctuation and its linkages to cyclical real estate industry.

CARE Ratings Limited (CareEdge Ratings) has withdrawn ratings assigned to term loans of ₹0.73 crore based on confirmation of no outstanding dues against these term loans, from the banker.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume backed growth in total operating income (TOI) to over ₹350 crore while sustenance of profitability.
- Efficient working capital management with improvement in the working capital cycle to less than 120 days on a sustained basis.
- Improvement in debt protection metrics with total debt to gross cash accruals (TD/GCA) of less than 3x and interest coverage of over 5x on a sustained basis.

Negative factors

- Decline in scale of operations below ₹150 crore or profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 7% on a sustained basis.
- Moderation in capital structure with overall gearing above 1.25x.
- Elongation of operating cycle to over 180 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that the entity will continue to benefit from its established brand names and its presence in diversified geographies, which shall enable the company to sustain its operational performance in the medium term.

Detailed description of key rating drivers:

Key strengths

Established track record of operations

ALL has an established track record of around two decades in decorative laminates industry and has a wide product offering. ALL is a recognised star export house by the Government of India (with exports contributing 30-35% of TOI).

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The company has an established network of over 10 depots, 100 distributors and 5,000 dealers across the nation, and presence in Thailand via subsidiary.

ALL has installed capacity of 72 lakh sheet per annum of laminates. The company also added product line of plywood in FY21 with installed capacity of 67.20 lakh square meters per annum. Laminates continue to remain the main revenue contributor, forming 85%-90% of net sales. Plywood sales, though growing at a healthy rate in the last couple of years, continue to remain limited.

Moderate capital structure and debt coverage indicators
The company's capital structure improved, despite remaining moderate, as reflected by an overall gearing of 1.05x as on March 31, 2026, compared to 1.31x as on March 31, 2025. However, TOL/TNW continued to remain high at 1.72x at FY26 end (1.83x at FY25 end), indicating sizeable funding from creditors.

The company's TNW was moderate at ₹82.50 crore as on March 31, 2026 (PY: ₹75.99 crore). Debt coverage indicators continued to remain moderate, with interest coverage improving to 2.36x in FY26 from 2.26x in FY25, while TD/GCA improved to 7.71x from 11.51x in the same period.

Moderate scale of operations and profitability
The company's TOI remained moderate at ₹243.32 crore in FY26 against ₹216.33 crore in FY25. Growth in revenue was primarily driven by higher laminate sales, which increased from ₹191.17 crore in FY25 to ₹226.04 crore in FY26. However, sales from plywood and allied products declined marginally from ₹26.52 crore in FY25 to ₹24.21 crore in FY26.

The company's operating profitability remained moderate, witnessing slight improvement in the year, with PBILDT margin increasing by 84 basis points to 8.40% in FY26 from 7.55% in FY25.

With outbreak of West Asia conflict since end of February 2026, company's exports were impacted for around two months (as majority exports are in Middle East). However, these were largely restored from May 2026. The company was able to pass on the increased costs of input (mainly chemicals), in domestic and export markets, with some time lag. With this, no major impact on sales or profitability is envisaged in the current year.

Key weaknesses

Sizeable working capital requirements
Laminate business is working capital intensive in nature as its products are made of different types of papers, wide variety of colours and chemicals, which necessitates significant investment in raw material inventory. Majority paper requirement (mainly base paper) is imported, which has a lead time ranging from1-1.5 months from the date of placement of order, resulting in raw material inventory holding requirement of ~45-50 days.

The company established over 12 depots across 12 different cities [it started with four depots in FY19 and subsequently increased to 12 till FY25]. These depots are at major recipient markets for quick supply of material to customers. Consequently, the finished goods inventory remains sizeable at over 100 days.

Hence, operating cycle of ALL remained elongated to 175 days in FY25 (PY: 179 days).

Fortunes linked to cyclical real estate sector
Fortunes of the laminates and plywood board industry is linked to the real estate industry, which is inherently cyclical in nature. This and competitive nature of the industry with presence of few large and many regional players and a dealer driven market with largely B2B sales limit the pricing flexibility and profitability. However, the company has geographically diversified presence in the export market, which helps maintain steady growth in revenue.

Profit margin susceptible to raw material price volatility and foreign exchange fluctuation
The company's major raw materials include base design papers, kraft papers, printed papers, melamine and formaldehyde. Price of papers (paper contributing ~65-70% to total cost by value) are relatively stable than price of chemicals, whose prices are linked to crude oil prices.

The company's export revenue stood at ₹81.96 crore ~32% of gross sales in FY26 (FY24: 28%). On other hand, import remained ~50-55% of export value, hence, the company remains a net exporter and does not follow active hedging policy. Consequently, it remains exposed to unfavourable movement in the value of currency.

Liquidity: Adequate
ALL's liquidity remained adequate, supported by positive cash flow from operations, and moderate cash accruals against relatively low debt repayment obligations. current ratio of 1.35x as on March 31, 2026 (PY: 1.35x).

While the operating cycle continues to remain sizeable (175 days in FY26), utilisation of the company's fund-based working capital limits remained moderate, averaging at ~69% for 12-months ended March 2026. This was backed by adequate cash flow from operations of ₹18.97 crore in FY26 (negative ₹0.65 crore in FY25), supported by incremental funding from creditors.

The company has annual scheduled debt repayment obligations of ~₹4-5 crore from FY27–FY29, which are expected to be met from internal accruals.

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

Applicable criteria

Policy on Withdrawal of Ratings
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	Plywood boards/ laminates

ALL was incorporated on October 22, 2007, and is a listed public limited company promoted by Pravinbhai N Patel and Sureshbhai H Patel. ALL is engaged in manufacturing laminate sheets and plywood boards which are used in furniture and fixtures. The company sells its products under brands including Ilam and Airolam/ Classico among others, and has established its manufacturing unit at Prantij, Sabarkantha with installed capacity of 72 lakh sheets per annum.

ALL is a member of India Green Building Council (IGBC) of CII (Confederation of Indian Industry).

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	216.33	243.32
PBILDT*	16.34	20.44
Profit after tax (PAT)	3.54	6.30
Overall gearing (x)	1.31	1.05
Interest coverage (x)	2.26	2.36

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Disclosure of Interest of Independent/Non-Executive Directors of CareEdge Ratings: Not applicable

Disclosure of Interest of Managing Director & CEO: 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-Term Loan		-	-	31/05/2030	15.96	CARE BBB; Stable
Fund-based - LT/ ST-Bank Overdraft		-	-	-	20.00	CARE BBB; Stable / CARE A3+
Fund-based - LT/ ST-Cash Credit		-	-	-	40.50	CARE BBB; Stable / CARE A3+
Non-fund-based - LT/ ST-BG/LC		-	-	-	26.25	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-Loan Equivalent Risk		-	-	-	2.00	CARE A3+

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 2026-2027	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
1	Fund-based - LT/ ST-Cash Credit	LT/ST	40.50	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (25-Jun-25)	1)CARE BBB; Stable / CARE A3+ (04-Jul-24)	1)CARE BBB; Stable / CARE A3+ (29-Jun-23)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	26.25	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (25-Jun-25)	1)CARE BBB; Stable / CARE A3+ (04-Jul-24)	1)CARE BBB; Stable / CARE A3+ (29-Jun-23)
3	Fund-based - LT-Term Loan	LT	15.96	CARE BBB; Stable	-	1)CARE BBB; Stable (25-Jun-25)	1)CARE BBB; Stable (04-Jul-24)	1)CARE BBB; Stable (29-Jun-23)
4	Non-fund-based - ST-Loan Equivalent Risk	ST	2.00	CARE A3+	-	1)CARE A3+ (25-Jun-25)	1)CARE A3+ (04-Jul-24)	1)CARE A3+ (29-Jun-23)
5	Fund-based - LT/ ST-Bank Overdraft	LT/ST	20.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (25-Jun-25)	1)CARE BBB; Stable / CARE A3+ (04-Jul-24)	-

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-Bank Overdraft	Simple
3	Fund-based - LT/ ST-Cash Credit	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple
5	Non-fund-based - ST-Loan Equivalent Risk	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

[2] SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available. We understand that you do not hold partnership/directorship in any of the firms/companies being sent to you neither you & your spouse hold any securities issued by any of these companies

Note on complexity levels of rated instruments: CareEdge 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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