Qutone Ceramic Private Limited

August 05, 2026

Facilities/ Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	199.49	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category
Short-term bank facilities	RBI	26.04	CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE A3 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Qutone Ceramic Private Limited (QCPL) to monitor ratings vide e-mail communications/ letters dated July 01, 2026, July 06, 2026, July 07, 2026, and July 14, 2026, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating based on the best available information, which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. **Ratings on QCPL's bank facilities will now be denoted as CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*.**

Users of these ratings (including investors, lenders, and public at large) are hence requested to exercise caution while using above ratings.

Ratings have been revised considering non-availability of requisite information to conduct the review of ratings. Ratings assigned to bank facilities of QCPL continue to remain constrained considering its presence in a highly competitive and fragmented tile industry due to homogenous product profile marked by few large-organised players and numerous small scale tile manufacturers, strong linkages of the industry with the cyclical real estate sector and susceptibility of its profitability to volatile raw material and fuel cost considering the time lag in passing it entirely to the customers. The rating is also partially offset by QCPL's moderate capital structure, elongated operating cycle, and working capital intensive operations.

Ratings continue to derive strength from its promoters' vast experience in the ceramic industry, established dealership and distribution network with strong brand positioning in the domestic market, well-diversified customer base and strategic presence in the ceramic tile cluster of Gujarat. The rating also takes cognisance of growth in scale of operations with healthy profitability in FY25 (Audited) (refers to April 01 to March 31), comfortable financial risk profile, and adequate liquidity.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that QCPL will continue to derive benefit from its experienced promoters having long-track record of operations and QCPL's brand positioning in the ceramic industry.

Detailed description of key rating drivers

Key strengths

Experienced management and established distribution network under the leadership of the experienced management and QCPL's long track record of operations in the ceramic industry, expansion of its product portfolio and established marketing and distribution network, the company has developed a strong brand recall of 'Qutone' for value-added tiles. QCPL exports to over 60 countries and has a nation-wide marketing network with dedicated dealers, regional offices, and company-owned showrooms across India.

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

Location advantage with presence in the ceramic tile manufacturing cluster of India
The manufacturing facilities of QCPL are located at Wankaner in Rajkot district of Gujarat, which is the largest ceramic cluster in 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 fuel (liquefied natural gas/ propane) for firing of kilns is supplied by a Gujarat State PSU, Gujarat Gas Ltd, and propane by other private players. The vicinity of the city to major ports (such as Kandla and Mundra) also lowers the transportation cost and thus helps the exporters of ceramic from the region.

Growing scale of operations and moderate profitability
In FY25, QCPL's total operating income (TOI) grew by 16% to ₹496.26 crore compared to ₹428.70 crore in FY24. The growth in scale of operations in FY25 is considering strong domestic sales and increased exports to UAE, compensating for reduced sales in the US and Europe due to subdued demand.

The company's sales mix remains focused on high-value products, with GVT and slab tiles comprising 54% and 44% of sales, respectively (PY: 54% and 42%). Average capacity utilisation improved to 74% in FY25 (Slab tiles: 54%, GVT: 96%) from 52% in FY24 (Slab tiles: 53%, GVT: 51%), driven by increased domestic demand for GVT.

The PBILDT margin of the company remained healthy at 14.37% (PY: 15.87%) in FY25 with marginal decline of 150 bps considering increased spending on selling and marketing cost related to launch of new products in the market.

However, owing to reduction in finance cost, profit after taxation (PAT) margin remained stable at 2.33% compared to 2.69% in FY25. Consequently, the gross cash accruals also grew by 8% to ₹42.55 crore in FY25 (PY: ₹39.19 crore).

Per the provisional financials of MFY26, QCPL has reported TOI of ₹585 crore.

Comfortable capital structure and debt coverage indicators
QCPL's capital structure improved and stood comfortable marked by overall gearing level of 0.90x as on March 31, 2025 (PY: 1.00x as on March 31, 2024). The improvement in gearing level is considering scheduled reduction in term debt and accretion of profits to reserves. Per the latest bank sanction, the company is not required to maintain amount of unsecured loans as quasi equity; thus, the quasi equity of ₹49.78 crore (unsecured loan subordinated to bank debt) in FY24 stands omitted from the net worth in FY25.

During the year, QCPL has issued 316,915 equity shares of face value of ₹10 each with a premium of ₹1,592 per share with a total raised amount of ₹50.77 crore. These funds have been utilised towards growth and operations of the company and repayment of unsecured loans.

Consequent to above, the debt coverage indicators marked by PBILDT interest coverage and term debt to PBILDT improved to 3.09x (PY: 2.61x) and 1.51 years (PY: 1.65 years), respectively, in FY25.

Key weaknesses

Working capital intensive nature of operations
Apart from the inherent requirement of the Indian ceramic industry to maintain higher inventory levels (due to vast product portfolio, better customer service and faster deliveries), QCPL's inventory (primarily finished goods) holding period and operating cycle remains high at 186 days (PY:202 days) and 170 days (PY: 188 days), respectively, as on March 31, 2025. Collection period was moderate at 73 days considering management's focus on maintaining receivables efficiency in the domestic and international markets. Consequently, the gross current asset days also remained high at 247 days in FY25 (PY: 262 days).

Exposure to volatility in prices of natural gas and key raw materials
The prices of major raw materials, clay and fuel (natural gas), constitute a major part of the cost structure of an entity in the ceramic tile industry. Considering prices of both (clay and natural gas) is market driven, inability of the company to pass it on to its customers may exert pressure on profitability of the company.

Presence in a highly competitive tile industry with linkages to cyclical real estate industry
The ceramic industry is highly competitive and fragmented with the presence of numerous organised and unorganised players manufacturing a homogenous product profile, GVT and slabs for domestic and international markets. With increase in competition in the wall tiles segment, QCPL has discontinued operations of its wall tiles unit. The ceramic tile industry has strong linkages with the real estate industry, which, is a cyclical industry.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Information Adequacy Risk and Issuer Non-Cooperation
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

Incorporated in 2008, QCPL is engaged in manufacturing ceramic wall tiles and vitrified floor tiles. Post amalgamation with QGPL and QTPL and completion of capex, QCPL has an installed capacity of 16.50 lakh square metre per annum (lsmpa) of wall tiles, 75.90 lsmpa of glazed vitrified tiles and 66.00 lsmpa of large-sized tiles as on March 31, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	428.70	496.26
PBILDT*	68.03	71.30
Profit after tax (PAT)	11.55	11.57
Overall gearing (x)	1.00	0.90
Interest coverage (x)	2.61	3.09

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

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-	-	-	-	127.25	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-09-2030	72.24	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-Short Term	RBI	Simple	-	-	-	-	15.00	CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	RBI	Simple	-	-	-	-	11.04	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Cash Credit	LT	127.25	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (08-Jul-25)	1)CARE BBB-; Stable (03-Sep-24)	1)CARE BBB-; Stable (05-Jul-23)
2	Fund-based - LT-Term Loan	LT	72.24	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (08-Jul-25)	1)CARE BBB-; Stable (03-Sep-24)	1)CARE BBB-; Stable (05-Jul-23)
3	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (03-Sep-24)	1)CARE BBB-; Stable (05-Jul-23)
4	Non-fund-based - ST-BG/LC	ST	11.04	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3 (08-Jul-25)	1)CARE A3 (03-Sep-24)	1)CARE A3 (05-Jul-23)
5	Fund-based/Non-fund-based-Short Term	ST	15.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3 (08-Jul-25)	1)CARE A3 (03-Sep-24)	1)CARE A3 (05-Jul-23)

*Issuer did not cooperate; based on best available information.
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: Lender details

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

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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