Megacity Vitrified LLP

August 24, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term Bank Facilities	RBI	39.12	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	RBI	20.86	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable / CARE A4+ 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 Megacity Vitrified LLP (MVL) to monitor the rating vide e-mail communications dated April 24, 2026, April 27, 2026, May 01, 2026, May 05, 2026, May 11, 2026, May 19, 2026, May 26, 2026, June 01, 2026, June 08, 2026, June 09, 2026, June 16, 2026, June 22, 2026, June 29, 2026, July 06, 2026, July 21, 2026, July 28, 2026, August 05, 2026 and August 13, 2026 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Further, MVL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on MVL bank facilities will now be denoted as '**CARE B+; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING'.**

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Megacity Vitrified LLP (MVL) have been revised owing non-availability of requisite information. Further, the ratings remain constrained on account of moderate capital structure and debt coverage indicators, presence in intensely competitive ceramic industry with fortunes dependent upon real estate industry, exposure to volatility in prices of natural gas and key raw materials, and ongoing litigation of infringement of Patent. However, the ratings draw strengths from the moderate scale of operation as well as profitability, experienced promoters, location advantage of being in the ceramic tile hub with easy access to raw material, manpower, power and fuel and low customer concentration risk.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on July 29, 2025 the following were the rating strengths and weaknesses (updated based on information available from client).

Key weaknesses

Moderate capital structure and debt coverage indicators

MVL's capital structure continues to remain moderate marked by an overall gearing which stood at 1.56x as on March 31, 2026 compared to 1.66x as on March 31, 2025 owing to high reliance on external debt. Further, debt coverage indicators also remained moderate as interest coverage stood at 3.69x during FY26 (Prov.) compared to from 3.36x in FY25 whereas TD/GCA stood at 4.50 years as on March 31, 2026 compared to 5.19 years as on March 31, 2025.

Presence in intensely competitive ceramic industry with fortunes dependent upon real estate industry

The ceramic tile industry in India is highly competitive. Low entry barriers, easy availability of raw material and limited initial capital investment requirement have attracted large influx of unorganized and regional players. Moreover, the ceramic tile

[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.

industry has strong linkages with the real estate industry, which is highly fragmented and cyclical and thus could adversely impact the performance of ceramic industry in case of an adverse demand scenario.

Exposure to volatility in prices of natural gas and key raw materials
The cost of major components, i.e. raw materials (clay) and power & fuel (i.e. natural gas & propane) are market-driven. Thus, ceramic industry being highly competitive, this may exert pressure on the profitability of the firm depending upon its ability to pass it on to the customers.

Ongoing litigation of infringement of patent
MVL is under litigation with the District Court for an allegation of Infringement of Patent. On March 21, 2023, MVL received order from district court to pay a token damage of Rs.3 Crore along with the other and further damage as ascertained by the Rey Ceracreation Private Limited (RCPL) with 18% interest till realization of the suit for committing infringement of Patent and damaging the intangible rights of the RCPL. However, as articulated by the management, MVL has received a stay order from the court and the matter is subdued. The timeline of resolution of the said matter and its impact on liquidity shall remain crucial from credit perspective.

Key strengths
Moderate scale of operation and profitability
MVL reported improved operating performance in FY26 and was moderate marked by growth in total operating income to ₹166.41 crore in FY26 (Prov.) rising from ₹136.80 crore in FY25.
Further, despite an uptick in operating costs, profitability remained moderate with PBILDT margin of 10.77% in FY26 compared to 11.35% in FY25. Moreover, PAT margin improved marginally and stood at 2.12% during FY26 compared to 1.86% in FY25.

Experienced promoters
MVL is managed by promotors Dhrumil Kanetiya, Ghanshyam Kanetiya, Vijaykumar Haripara, Sureshbhai Boda and Rajnish Gambhava, having vast experience in the ceramic tiles industry due to their association with other entities operating in ceramic industry. Further, the promoters are suitably supported by experienced professionals in the daily operations of the firm.

Location advantage of being in the ceramic tile hub with easy access to raw material, manpower, power and fuel
MVL has its manufacturing unit in Morbi district of Gujarat which is the largest ceramic cluster in India. Primary raw materials i.e. various types of clay and minerals are easily available from Rajasthan & Gujarat. For firing of kilns, MVL uses natural gas supplied from Gujarat Gas Limited and propane from various suppliers. Moreover, proximity of major ports (such as Kandla and Mundra) also lowers the transportation cost and facilitates timely export.

Low customer concentration risk
The firm maintains a diversified customer base, with the top 10 customers accounting for approximately 28% during FY25 (FY24: 35%) of total sales indicating low customer concentration risk. Further, the firm also has tie-up with dealers across India.

Assumptions/Covenants: Not Applicable

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

Applicable Criteria
Information Adequacy Risk and Issuer Non-Cooperation
Definition of Default
Rating Outlook and Rating Watch
Short Term Instruments
Manufacturing Companies
Financial Ratios – Non financial Sector

About the firm and industry

Industry classification

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

Morbi-based Megacity Vitrified LLP(MVL) was established as on May 19, 2017 as a greenfield project for manufacturing of vitrified tiles which includes flooring tiles, wall tiles, kitchen tiles and bathroom tiles etc., The commercial production commenced from September 2021. The manufacturing facility has an installed capacity of 1,32,000 metric tonne per annum considering production of 600*1200-millimetre (mm) tiles with 2mm and 4mm width.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Prov.)
Total operating income	136.80	166.41
PBILDT*	15.52	17.93
Profit after tax (PAT)	2.54	3.52
Overall gearing (x)	1.66	1.56
Interest coverage (x)	3.36	3.69

A: Audited; Prov.-Provisional; 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

Rating history for last three years: Annexure-2

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Long Term	RBI	Simple	-		-	-	34.12	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-		-	-	20.86	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based-Long Term	RBI	Simple	-		-	-	5.00	CARE B+; Stable; 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/Non-fund-based-LT/ST	LT/ST	20.86	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (29-Jul-25)	1)CARE BB+; Stable / CARE A4+ (19-Aug-24)	-
2	Fund-based-Long Term	LT	34.12	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (29-Jul-25)	1)CARE BB+; Stable (19-Aug-24)	-
3	Non-fund-based-Long Term	LT	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (29-Jul-25)	1)CARE BB+; Stable (19-Aug-24)	-

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

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Shachee Nakul Vyas Assistant Director **CARE Ratings Limited** Phone: 079-40265665 E-mail: shachee.tripathi@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Aniket Shringarpure Lead Analyst **CARE Ratings Limited** Phone: 079-40265659 E-mail: aniket.shringarpure@careedge.in Krishna Soni Analyst **CARE Ratings Limited** E-mail: krishna.soni@careedge.in

About us:

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