



Press Release

Manoj Ceramic Limited

January 30, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund-Based Facilities	24.50	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Total	24.50 (Rupees Twenty-four crore and fifty lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned a long-term rating of IVR BBB-/Stable to the bank facilities of Manoj Ceramic Limited (MCPL[^]). The ratings are supported by experienced promoters with long track record of operations, expanding dealer network and retail presence, improved scale of operations in FY24(A) (refers to the period April 01 to March 31). However, these strengths are partially offset by working capital intensive position, geographical concentration in one state, and cyclicity in real estate business.

Infomerics expects the outlook to remain 'Stable' due to steady growth in operations expected in the medium term which is likely to translate into steady growth in cash flows while maintaining gearing at sub 1x level. Recent equity infusion vide FPO (January FY25) are expected to be used to fund working capital requirements which will support the steady growth in topline in the medium term.

[^] Manoj Ceramic Limited is listed on the BSE with the ticker symbol **MCPL**. Therefore, we have used the same abbreviation throughout for consistency.

Key Rating Sensitivities:

Upward Factors

- Increase in scale of operations to over Rs.200cr with sustenance of EBITDA margins above 15%
- Sustenance of gearing below 1.0x



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- Significant improvement in working capital cycle and liquidity position

Downward Factors

- Significant dip in operating income and/ or moderation in profitability impacting the debt coverage indicators.
- Elongation in receivable period and/or increase in working capital intensity impacting the liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters with long track record of operations**

MCPL has been operational since 1991 and has built a long track record in the trading of tiles and tile adhesives. The company was founded by Mr. Manoj Dharamshi Rakhasiya, the Chairman, who brings over 35 years of experience in the ceramic tiles industry. Mr. Dhruv Manoj Rakhasiya, the Managing Director (MD), has over 14 years of experience and is responsible for overseeing the company's operations and expanding MCPL's presence, particularly in South India. The Board of Directors at MCPL consists of six members, with an average experience of more than 20 years.

- **Expanding dealer network and retail presence**

The company has established a robust dealer network across the Western and Southern regions of India, including Maharashtra, Goa, Tamil Nadu, and Karnataka. To further streamline the supply chain, depots are strategically located in Morbi, Thane, Mumbai, and Bangalore, enabling quick and efficient service. The company assists dealers and customers, with AI-powered software "Studio" providing personalized recommendations through its online platform. Additionally, the company's presence in the retail market is strengthened through showrooms in key locations such as Ghatkopar and Andheri in Mumbai and Raja Rajeshwari Nagar in Bangalore.



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- **Improved scale of operations in FY24**

MCPL has shown strong growth in its operating income over the last two years, increasing from ₹43.21 crore in FY22(A) to ₹95.92 crore in FY24(A). This growth was mainly driven by its successful IPO and listing on the Bombay Stock Exchange in January 2024, which improved brand visibility and increased sales volumes. The funds raised in the IPO totaling Rs. 14.47 crore were primarily used for funding working capital requirements; this along with expansion of the product portfolio also contributed to this growth. The company's profitability improved as well, with EBITDA margins increasing to 14.97% in FY24(A) from 11.67% in FY23(A). PAT margins also grew to 6.26% in FY24(A) compared to 4.91% in FY23(A). This was due to a shift in focus from low-margin trading products to higher-margin offerings. The company raised an additional Rs.49.47 crore in the FPO in FY25. These funds will primarily be used for funding working capital requirements which will support revenue growth over the medium term.

Key Rating Weaknesses

- **Working capital intensive operations of the company**

MCPL operates in a working capital-intensive industry, with its operating cycle increasing to 213 days in FY24(A) from 179 days in FY23(A). This rise was driven by a longer average collection period of 161 days in FY24(A) (up from 108 days in FY23(A)) due to higher debtors, as the company significantly ramped up its operations following the IPO. However, improved inventory management reduced the inventory cycle to 108 days in FY24(A) from 142 days in FY23(A). The average creditor cycle shortened to 57 days in FY24(A) (from 70 days in FY23(A)) due to a new government regulation requiring MSME vendor payments to be made within 45 days (as per Ministry of Finance). The company's fund-based utilization remained high at ~99% over the 12 months ending November 2024, limiting its liquidity buffer.

- **Geographical concentration in one state**

The company has a high geographical concentration, with approximately 93% of its sales in FY24 coming from the domestic market, primarily in Maharashtra. Exports contribute a smaller share, accounting for around 1.2% of total sales in FY24, with Uganda being a



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key export destination. However, Infomerics notes that the company has plans to increase its export share in the future.

- **Cyclicality in real estate business**

The ceramic tile industry is closely tied to the cyclical nature of the real estate sector, with demand rising during periods of economic growth and infrastructure development. Economic slowdowns or regulatory challenges can reduce demand. However, initiatives like REITs and affordable housing help provide some stability.

Analytical Approach: Standalone.

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

Liquidity – Adequate

MCPL is expected to maintain an adequate liquidity profile, as its projected gross cash accrual for FY25-FY27 is estimated to be around ~Rs. 10.00 crore to Rs. 20.00 crore annually, which should comfortably cover its annual debt repayments ranging from Rs. ~0.36 crore to Rs. 1.56 crore in FY25-FY27. The current ratio and quick ratio of the company stood at 2.08x and 1.52x respectively as on March 31, 2024. The average utilization of its cash credit facility (of Rs. 24.50 crore) stood at ~99% during last twelve months ended November 30, 2024. However, cash and cash equivalents as on 31st December 2024 were Rs. 26.63 crore (comprising unutilised funds from the FPO) offering a liquidity buffer.

About the Company

MCPL is a trader in ceramic tiles which relies on contract-manufacturing by sub-contractors. It is a public limited company (listed on Bombay Stock Exchange) that has been operating since 1991. The company offers a wide range of wall and floor tiles and provides services that



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can serve even a single piece anywhere in the world. In January 2024, MCPL became a publicly listed company on the stock exchange in India. The company offers a wide range of products, catering to various customer preferences, from minimalist designs to custom, luxurious styles.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	73.51	95.92
EBITDA	8.58	14.36
PAT	3.68	6.07
Total Debt	53.05	59.62
Tangible Net Worth	10.34	28.26
EBITDA Margin (%)	11.67	14.97
PAT Margin (%)	4.91	6.26
Overall Gearing Ratio (x)	5.13	2.11
Interest Coverage (x)	1.77	2.12

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information:

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year T)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Date (Month XX, 20XX)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Cash Credit	Long Term	24.50*	IVR BBB-/Stable	--	--	--

*Sublimit of Cash Credit-Import/Inland LC of Rs. 2 crore & Bank Guarantee of Rs. 0.50 crore.

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	24.50*	IVR BBB-/Stable

*Sublimit of Cash Credit- Import/Inland LC of Rs. 2 crore & Bank Guarantee of Rs. 0.50 crore.



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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Manoj-Ceramic-30jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Name of the Security		Detailed Explanation
	Financial Covenant	
	i.	
	ii.	
	Non-financial Covenant	
	i.	
	ii.	

Annexure 4: List of companies considered for consolidated/Combined analysis: NA

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com