



Rating Rationale

Mox Tiles LLP

2 March 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 11.55 Crores of Mox Tiles LLP.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	10.35	Long Term	BWR BB- Pronounced as BWR Double B Minus Outlook:Stable
Non Fund Based	1.20	Short Term	BWR A4 Pronounced as BWR A Four
Total	11.55	INR Eleven Crores and Fifty Five Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the firm's projected financial results upto FY22 and publicly available information and the information/clarifications provided by the firm.

The ratings draws strength from experience of management and firm's geographical advantage. However, the rating is constrained by inherent risk associated with green field project, profitability exposed to volatility in raw material and high fuel cost as well as highly competitive and fragmented nature of ceramic tile industry. Further, the ratings has also factored some of the lenders pre-disbursements terms and conditions.

Further, being a partnership firm (LLP), any significant withdrawal from the capital/current account by the partner would adversely impact the capital structure, hence this remains a rating sensitivity.

Description of Key Rating Drivers

- **Credit Strengths:**



1. **Experience of management in the line of business:** The promoters of Mox Tiles LLP are also part of other concerns operating in diverse range of businesses.
 2. **Firm’s geographical advantage:** The firm is located in Morbi, Gujarat. Moreover, Morbi is India's largest ceramic tile making cluster with 70% of market share.
- **Credit Risks:**
 1. **Profitability exposed to volatility in raw material and high fuel cost:** There is possibility of fluctuations in profit margins due high fuel cost and volatility in raw material cost.
 2. **Highly competitive and fragmented nature of ceramic tile industry:** There is a tight competition from organized as well unorganized players in the ceramic tile market.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook:Stable

BWR believes the **Mox Tiles LLP** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

M/s Mox Tiles LLP is a limited liability partnership firm incorporated in the year 2017 in Morbi, Gujarat. However, the firm expects to commence its operations in April 2019. The company is envisaging to set up a unit for manufacturing and trading of ceramic wall tiles with an installed capacity of 33000 MTS of ceramic tiles.

Company Financial Performance

The firm expects to commence its operations in FY19 with an estimated net revenue of Rs.20.33 Crs and PAT of Rs.0.58 Crs. The concern further projects the net revenue to increase to Rs.23.65 Crs in FY20. MTLTP will infuse capital of Rs.4.80 as on day of commencement.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2017)	Rating History
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		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2016	2015	2014
	Fund Based	Short Term	10.35	BWR BB- Outlook:Stable	NA	NA	NA
	Non Fund Based	Long Term	1.20	BWR A4			
	Total		11.55	₹ Eleven Crores and Fifty Five Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2019	2020
Result Type		Projected	Projected
Operating Revenue	₹ Cr	20.33	23.65
EBITDA	₹ Cr	3.54	3.71
PAT	₹ Cr	0.58	0.93
Tangible Net worth	₹ Cr	5.38	6.30
Total Debt/Tangible Net worth	Times	2.35	1.82
Current Ratio	Times	1.33	1.46

Status of non cooperation with Previous CRA : Non Applicable

Any other information: Non Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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