

October 22, 2020

Somany Ceramics Limited: Rating reaffirmed at [ICRA]A1 and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	75.00	75.00	[ICRA]A1; reaffirmed and rating withdrawn
Total	75.00	75.00	

* Instrument details provided in Annexure-1

Rationale

ICRA has reaffirmed and withdrawn the rating of [ICRA]A for the Rs. 75.0 crore commercial paper (CP) programme of Somany Ceramics Limited (SCL). The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension, at the request of SCL. There is nil outstanding on the CP programme as on date.

[Link to last full press release](#)

Key rating drivers and their description

Key rating drivers have not been captured as the rated instruments are being withdrawn.

Liquidity position: Not applicable

Rating sensitivities: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of SCL; SCL has 12 subsidiaries and associates that are enlisted in Annexure-2

About the company

SCL was incorporated in 1969 as a manufacturer of ceramic tiles, by Mr. H L Somany in collaboration with Pilkington's of the UK as a widely held company. Since then it has extended production capacities as well as the product range. SCL manufactures, outsources and trades in ceramic and vitrified tiles. The two manufacturing facilities are located at Kassar in Haryana (near Delhi) and Kadi in Gujarat (near Ahmedabad) and have an aggregate capacity of 26.28 msm. In addition, through its JVs and subsidiaries, the company has access to an aggregate capacity of 54 msm. Further, the company has outsourced capacity of 9 msm. It markets its tiles under the established brand names like Somany, Durastone, Duragress, VC Shield, Somany Express, etc. SCL has also entered into sanitaryware and bath fittings segment through JVs and outsourcing.

Key financial indicators - Consolidated (Audited)

Rs. Crore	FY2019	FY2020
Operating Income (Rs. crore)	1,715.1	1,610.1
PAT (Rs. crore)	53.3	19.5
OPBDIT/OI (%)	9.6%	8.2%
RoCE (%)	9.2%	4.6%
TOL/TNW	1.37	1.22
Total Debt/OPBDIT (times)	3.76	4.03
Interest Coverage (times)	3.60	2.66
DSCR	1.28	0.99

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument				Rating (FY2021)			Rating History for the Past 3 Years				
	Type	Amount Rated	Amount Outstanding *	Current Rating	Earlier Rating		FY2020	FY2019	FY2018		
				22 Oct 2020	12 Oct 2020	13 Apr 2020			9-Oct-2019	30-Nov-2018	13-Oct-2017
Commercial Paper	Short Term	75.0	-	[ICRA]A1; (withdrawn)	[ICRA]A1	[ICRA]A1+	[ICRA]A1+ &	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

* - as on October 16, 2020

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial Paper	-	-	7-365 days	75.00	[ICRA]A1; Withdrawn

Source: SCL; @- under watch with negative implications

Annexure-2: List of entities considered for possible funding support from SCL

Company Name	Ownership	Consolidation Approach
SR Continental Limited	100%	Full Consolidation
Somany Bathware Limited	100%	Full Consolidation
Amora Tiles Pvt Ltd	51%	Full Consolidation
Somany Excel Vitrified Pvt Ltd	100%	Full Consolidation
Somany Fine Vitrified Tiles Pvt Ltd	51%	Full Consolidation
Vintage Tiles Pvt Ltd	50%	Full Consolidation
Acer Granito Pvt Ltd	26%	Full Consolidation
Vicon Ceramic Pvt Ltd	26%	Full Consolidation
Somany Sanitary-ware Pvt Ltd	51%	Full Consolidation
Sudha Somany Ceramics Pvt Ltd	60%	Full Consolidation
Amora Ceramics Pvt Ltd	51%	Full Consolidation
Somany Bath Fittings Pvt Ltd	51%	Full Consolidation

Source: SCL

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