



## RATING RATIONALE

25 Oct 2019

A-Class Marble India Pvt. Ltd.

**Brickwork Ratings upgrades the ratings for the Bank Loan Facility of ₹ 32.15 of A-Class Marble India Pvt. Ltd.**

### Particulars :

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (March, 2018)	Present
Fund based	23.09	19.15	Long Term	BWR BB (Stable)	<b>BWR BB+</b> (Stable) (Upgrade)
Fund based	-	2.00	Short Term	BWR A4	<b>BWR A4+</b> (Upgrade)
Non Fund based	22.50	11.00			
<b>Total</b>	<b>45.59</b>	<b>32.15</b>	<b>INR Thirty Two Crores and Fifteen Lakh Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities in Annexure-I

### RATING ACTION / OUTLOOK

Brickwork rating upgrade the rating from BWR BB(Stable) to BWR BB+ for long term with Stable Outlook and the rating from BWR A4 to BWR A4+ for short term.

The rating continues to draw strength from the experienced promoters having extensive experience in marble processing and trading business of marbles, besides moderate debt protection metrics, improved turnover and net profit margin in FY19.



The outlook is Stable as the company has been able to maintain the growth of its revenue over the years.

## KEY RATING DRIVERS

BWR principally relied upon audited financials upto FY19, projections upto FY21, publicly available information and information/clarification provided by the management.

### Key Strengths:

- **Experienced Management:** The promoters have extensive business experience of more than a decade, helps to support business operations.
- **Improved Turnover :** The company is growing consistently over the years. The company has achieved a turnover of Rs 159.39 Cr in FY19 against Rs 124.45 Cr in FY18. The company have achieved a turnover of Rs 68.50 Cr till Sep,2019.
- **Debt Protection Metrics :** The company has moderate debt protection metrics, indicates from ISCR and DSCR of 1.69X and 1.30X in FY19 respectively.
- **Profit margins :** Net Profit margins of the company has improved from 1.86% in FY18 to 2.16% in FY19 , however operating margin has declined from 11.19% in FY18 to 9.09% in FY19. Gross operating profit margin is 9.60% in FY19 , where sales includes other non operating income.

### Key Risks:

- **Conversion cycle :** The company has elongated operating cycle of 157 days in FY19 due to the nature of business where company has to keep high inventory period of 264 days in FY19. However company has improved debtor realisation period over the years and currently receivables days are 68 days in FY19 against 96 days in FY18.
- **Weak Current Ratio:** The company has weak current ratio of 1.03X in FY19 signifies the weak ability of the company to meet its current liabilities from current assets.
- **Working Capital intensive:** The business is working capital intensive indicates from high TOL/TNW of 3.72X in FY19 as the company has raised short term loans of Rs 53.40 Cr from corporates to meet working capital
- **Intense competition:** The company operates in a highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganised sector



limits the bargaining power plus there is the threat of substitutes in the business.

- **Raw material and Foreign Currency Fluctuation Risk** :The raw material prices are susceptible to price fluctuation risk. Also the company majors raw material is imported, leading to risk of foreign currency fluctuation risk. Any negative impact of the fluctuation in the foreign currency and raw material prices could impact the profit margins negatively.

## **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked detailed below (hyperlinks provided at the end of this rationale).

## **RATING SENSITIVITIES**

Going forward, the company's ability to maintain the growth in scale of operations, improve current ratio and cash conversion cycle would be key sensitivities over short to medium term.

Positive: The rating outlook may be revised to positive and the rating may be upgraded if the company is able to improve current ratio, TOL/TNW ratio, and operating cycle of the company, besides achieve its projections.

Negative: The rating may be downgraded if the company achieves lower revenue than projected financials.

## **LIQUIDITY POSITION (adequate)**

Cash Accruals (PAT+Dep) has improved from Rs 4.76 Cr in FY18 to Rs 6.64 Cr in FY19. Cash & cash equivalent is Rs 3.27 Cr in FY19. CPLTD was Rs 3.17 Cr where cash accruals were adequate of Rs 6.64 Cr in FY19.

## **COMPANY PROFILE**

A-Class Marble India Private Limited (formerly known as A-Class Marbles (India) Pvt Ltd), was incorporated in July 2005 and being promoted by Mr. Rai Chand Bhandari and his sons, Mr. Rajesh and Mr. Ramesh. The company is engaged in processing and trading of marbles and slabs. It has its processing unit at Kishangarh, Rajasthan having installed capacity of 36 lac square feet per annum with 8 hour shift.



### KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY18	FY19
<b>Result Type</b>		<b>Audited</b>	<b>Audited</b>
Total Operating Income	<b>Crs</b>	<b>124.45</b>	<b>159.39</b>
OPBDIT	<b>Crs</b>	<b>13.93</b>	<b>14.49</b>
PAT	<b>Crs</b>	<b>2.31</b>	<b>3.44</b>
Tangible Net Worth	<b>Crs</b>	<b>34.16</b>	<b>37.60</b>
Total Debt/TNW	<b>Times</b>	<b>2.42</b>	<b>2.21</b>
Current Ratio	<b>Times</b>	<b>1.03</b>	<b>1.03</b>

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY: NA**

### RATING HISTORY

Instrument / Facilities	Current Rating (2019)			Rating History				
	Tenure	Amount (₹ Cr)	Rating	June 2019	March 2018	Jan 2017	2016	Sep 2015
Fund based	Long Term	19.15	<b>BWR BB+</b> (Stable) Upgraded	Rating Not Reviewed	BWR BB (Stable)	BWR BB- (Stable)	No Change	BWR B+ (Stable)
Fund based	Short Term	2.00	<b>BWR A4+</b> Upgraded		BWR A4	BWR A4		BWR A3
Non Fund based	Short Term	11.00						
<b>Total</b>		<b>32.15</b>	<b>INR Thirty Two Crores and Fifteen Lakh Only</b>					



## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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**A-Class Marble India Pvt. Ltd.**

**ANNEXURE I**

**Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1.	State Bank of India	Cash Credit	15.00	-	15.00
		SLC	-	2.00	2.00
		Term Loan	4.15	-	4.15
		Non Fund Based	-	11.00	11.00
<b>TOTAL</b>					<b>32.15</b>

**Total INR Thirty Two Crores and Fifteen Lakh Only**

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corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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