



Rating Rationale

Alliance Grani Marmo Pvt Ltd

03 Feb 2020

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹25.50 Crores of Alliance Grani Marmo Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Nov 2018)	Present
Fund based	22.50	22.50	Long Term	BWR B/Stable	BWR B/ Stable Reaffirmed
Non Fund Based	3.00	3.00	Short Term	BWR A4	BWR A4 Reaffirmed
Total	25.50	25.50	INR Twenty Five Crores and Fifty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

BWR believes the Alliance Grani Marmo Pvt Ltd. 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.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financial results up to FY19 and projected financial of FY20 & FY21 and publicly available information and information/clarifications provided by the company.

The reaffirmation of rating continues to factor the experience of the promoters in the granite quarrying business, moderate net worth, growth in revenue, diversified clientele and corporate guarantee extended by their group company, Gimpex Pvt.Ltd. However, the rating is constrained by low cash accruals, elongated trade receivables, deteriorating gearing levels, stretched liquidity levels, susceptible profit margins to raw material prices.



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 hyper linked detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

The ability of the Company to improve its scale of operations profitably, strengthen its capital structure and ensure timely collection of its receivables are the key rating sensitivities.

Positive: The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement.

Negative: The rating may be downgraded if the revenues go down and profit margins show lower than expected figures.

LIQUIDITY POSITION

Stretched: Liquidity position of the company 1.17 times in FY19 and is marked by net cash accruals as a percentage of total debt at 0.02%, and DSCR is low at 0.91 times for FY19 and the bank limits are fully utilised by company.

Description of Key Rating Drivers

- **Credit Strengths:**

The Managing Director Mr. Anurag Taparia has more than a decade of experience in this line of business and healthy relationships developed by him with its suppliers. The tangible net worth of the company stood at Rs.36.64 crs in FY19. The rating also factors in the strength of the corporate guarantee extended by Gimpex Limited which are rated as BWR BBB- /BWR A3 (Outlook:Stable) under bank loan rating.

- **Credit Risks:**

The gearing of the company has deteriorated to 2.39 times in FY19 as compared to 2.16 times FY18. Inventory holding days have remained at a high level of the company for 194 days in FY19. Long term trade receivables has increased to Rs.38.41 crs.in FY19 as compared to Rs.18.68 crs. in FY18. The industry is highly fragmented and also has a large number of players which has resulted in limited pricing flexibility.

COMPANY PROFILE

Alliance Grani Marmo Pvt Ltd(AGMPL) was incorporated in 1998 and engaged in quarrying and processing rough granite blocks into slabs and tiles. Three manufacturing units of the company are located in Tada, Andhra Pradesh and the fourth unit is located in Hai Phong City, Vietnam. AGMPL is a part of Gimpex Group which has extended corporate guarantee to secure the bank loan facilities.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Operating Revenue	₹ Cr	101.91	72.41
EBITDA	₹ Cr	6.98	7.69
PAT	₹ Cr	0.20	0.18
Tangible Net worth	₹ Cr	36.64	36.43
Total Debt/Tangible Net worth	Times	2.39	2.16
Current Ratio	Times	1.17	1.33

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NIL

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :NA

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Nov 2018	2017	2016
1	Cash Credit(sub limit - PC Rs.2.00 crs)	Long Term	7.50	BWR B/Stable Reaffirmation	BWR B/Stable	BWR C	NIL
2	SODH (sub limit - PC Rs.1.18 crs)	Long Term	15.00				
3	Inland/Import LC	Short Term	1.00	BWR A4 Reaffirmation	BWR A4	BWR A4	
4	ILC/BG/FLC	Short Term	2.00				
Total			25.50	₹ Twenty Five Crores and Fifty Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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

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Alliance Grani Marmo 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	Syndicate Bank	SODH	15.00	-	15.00
		ILC/BG/FLC	-	2.00	2.00
2	Corporation Bank	Cash credit	7.50	-	7.50
		Inland Import LC	-	1.00	1.00
TOTAL					25.50

Total Rupees Twenty Five Crores and Fifty Lakhs only.



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