Rating Rationale

Kailash Marble Industries Pvt. Ltd.

23Jan2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 15.57 Crs of Kailash Marble Industries Pvt. Ltd..(KMI)

Particulars

<table>
<tr><th rowspan="2">Facility Rated</th><th colspan="2">Amount (₹. Cr)</th><th rowspan="2">Tenure</th><th colspan="2">Rating*</th></tr>
<tr><th>Previous</th><th>Present</th><th>Previous (Apr, 2017)</th><th>Present</th></tr>
<tr><td colspan="6">Fund Based (FB)</td></tr>
<tr><td>Cash Credit</td><td>10.00</td><td>10.00</td><td rowspan="3">Long Term</td><td rowspan="3">BWR BB-
(Pronounced as BWR Double B Minus)
(Outlook -Stable)
(Reaffirmed)</td><td rowspan="3">BWR D
(Pronounced as BWR D)
Downgraded</td></tr>
<tr><td>Term Loan I</td><td>0.54</td><td>0.18</td></tr>
<tr><td>Term Loan II</td><td>0.50</td><td>0.28</td></tr>
<tr><td colspan="6">Non Fund Based (NFB)</td></tr>
<tr><td>Letter of Credit (Import/Inland)/Buyers Credit/ Letter of Comfort (Sublimit of Cash Credit)</td><td>`(10.00)</td><td>`(10.00)</td><td rowspan="3">Short Term</td><td rowspan="3">BWR A4
(Pronounced as BWR A Four)
(Reaffirmed)</td><td rowspan="3">BWR D
(Pronounced as BWR D)
{Downgraded</td></tr>
<tr><td>Letter of Credit (Import/Inland)/Buyers Credit/ Letter of Comfort</td><td>5.00</td><td>5.00</td></tr>
<tr><td>Bank Guarantee</td><td>0.09</td><td>0.11</td></tr>
<tr><td>Total Limits</td><td>16.13</td><td>15.57</td><td colspan="3">(INR Fifteen Crores and Fifty Seven Lakhs Only)</td></tr>
</table>

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

Ratings: Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials up to FY18, projections up to FY20, publicly available information and the information/ clarifications provided by the management.

The rating continues to draw strength from the promoters experience, track record of the company , relationship with customers and suppliers base.

However, the rating is constrained by its relatively small scale of operations with declined revenue on y-o-y basis , high gearing level, stretched working capital cycle , overdues observed in servicing debt obligation and vulnerability to fluctuation in the raw material prices.

Going forward the ability of the company to improve its scale of operations, improve top line and gearing level, repayment of debt obligations on time and efficient management of working capital cycle would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:
The company was established in the year 1988 and one of the promoters is having more than three decades of experience leading to diversified customers base with a long relationship

Credit Risks:
Revenues reduced from Rs 70.89 Crs in FY16 to Rs 40.35 Crs in FY17 , to Rs 38.45 Crs in FY18
Gearing with total outside liability stands at 2.49x in FY18 , Conversion cycle stands at 238 days in FY18, overdues of Rs 28 lakhs is observed in term loan II repayment

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).

About the Company

Kailash Marble Industries Pvt Ltd was incorporated in the year 1988. The company is engaged in the business of manufacturing and trading of marble block, slabs, granite, stones, tiles, limestones and travertine. KMIPL is promoted and managed by an experienced board of directors. Mr. Kailash Mour is promoter director of the company.

Company Financial Performance

Net sales have declined to Rs. 37.59 Crs with a profit of Rs.0.59 crs in FY18 from Rs.40.08 crs with a profit of Rs.0.51 crs in FY17. Tangible net worth stood at Rs.11.90 crs.

Rating History for the last three years

Si No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	7.8.2018	11.4.2017	2016
	Fund Based (FB)						
1	**Fund Based**	Long Term	10.46	**BWR D** (Pronounced as BWR D)	**Rating Not Reviewed**	**BWR BB- (Pronounced as BWR Double B Minus) (Outlook -Stable)**	**Not Rated**
	Non Fund Based (NFB)						
2	**Non Fund Based**	Short Term	5.11	**BWR D** (Pronounced as BWR D)	**Rating Not Reviewed**	**BWR A4 (Pronounced as BWR A Four)**	**Not Rated**
	Total Limits		**15.57**	**(INR Fifteen Crores and Fifty Seven Lakhs Only)**			

Initial rating was done on 10.12.2014 and assigned rating of BWR B+/A4

Status of non-cooperation with previous CRA- Not to our Knowledge Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		**Audited**	**Audited**
Revenue	(Rs. in Crs)	40.08	37.59
EBITDA	(Rs. in Crs)	2.66	4.78
PAT	(Rs. in Crs)	0.51	0.59
Tangible Net worth	(Rs. in Crs)	11.31	11.90
Total Debt/Tangible Net worth	(Times)	1.81	2.24
Current Ratio	(Times)	1.41	1.70

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector
- Short Term Debt

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
Venkatesh *CGM-Ratings* analyst@brickworkratings.com	media@brickworkratings.com **Relationship Contact** bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER