



SMERA RATINGS LIMITED

## Shree Ram Granites (SRG)

## Rating Rationale

August 27, 2014

Facilities	Amount (Rs. Crore)	Ratings
Export Packing Credit	5.00	SMERA B+/Stable (Assigned)
Letter of Credit	0.50	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) to the Rs.5.00 crore long-term (fund based) bank facilities and '**SMERA A4**' (read as **SMERA A four**) to the Rs.0.50 crore short-term (non-fund based) bank facilities of Shree Ram Granite. The outlook is '**Stable**'. The ratings is constrained by the firm's small-scale operations in an intensely competitive segment of the marble and granite industry. However, the ratings is supported by the firm's moderate profit margins, strong debt protection metrics and experienced management.

SRG, established in 2005, is a Jalore-based partnership firm engaged in processing and export of granites tiles and marble slabs. SRG has small-scale operations with revenues of Rs.9.86 crore in FY2012-13 (refers to financial year, April 01 to March 31). The firm operates in an intensely competitive segment of the marble and granite industry.

SRG's net profit margin is moderate at 4.16 per cent in FY2012-13. The firm's strong debt protection metrics are reflected in low leverage (debt-to-capital ratio) of 0.72 times as on March 31, 2013 and strong interest coverage ratio of 4.77 times in FY2012-13.

SRG benefits from its experienced management. Mr. Anil Choudhary, partner of SRG, has around two decades of experience in the marble and granite industry.

### Outlook: Stable

SMERA believes SRG will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm registers sustained growth in revenues and profitability. The outlook may be revised to 'Negative' in case the firm registers decline in revenues and profit margins, or in case of deterioration in the firm's capital structure.

### About the firm

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SRG has a processing unit in Jalore (Rajasthan), with total installed capacity of 17.73 lakh sq. ft. slabs per annum. The overall operations of the firm are currently managed by Mr. Anil Choudhary and Mr. Rajeev Choudhary.

For FY2012-13, SRG reported profit after tax (PAT) of Rs.0.41 crore on operating income of Rs.9.86 crore, as compared with PAT of Rs.0.40 crore on operating income of Rs.5.04 crore for FY2011-12. The firm's net worth stood at Rs.10.33 crore as on March 31, 2013, as compared with Rs.9.56 crore a year earlier. As per provisional financial statements, SRG reported revenue of Rs.14.36 crore in FY2013-14.

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