

Press Release

Marudhar Rocks International Private Limited

June 01, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable
Short Term Rating	ACUITE A3

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BBB-**' (read as **ACUITE BBB minus**) and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.20.00 crore bank facilities of Marudhar Rocks International Private Limited. The outlook is '**Stable**'.

The Bengaluru-based, Marudhar Rocks International Private Limited (MRIPL) was incorporated in 2010 by Mr. Jitendra Kothari and Mr. Vikas Kothari. The company is envisaged as 100 percent Export Oriented Unit (EOU) located in the midst of Granite rich deposits of Mettur in Salem district of Tamil Nadu. It also has another processing unit at Hosur near Bangalore. Further the company has installed capacity of 225000 sq. mtr. MRIPL is well versatile in various products such as Granite Marble and quartz. They have an exotic collection of more than 250 colours of granite. The final products are exported to countries such as USA, Canada, Europe and Middle East countries.

Key Rating Drivers

Strengths

• Experienced management

MRIPL is promoted by Mr. Jitendra Kothari and Mr. Vikas Kothari a Chartered Accountant by profession who has been associated with the granite and marble industry for more than two decades. MRIPL is currently managed by a team of professionals; the extensive experience of the management has helped the company in establishing healthy relations with its customers and suppliers, which in turn helps the company in getting repeat orders and establish its position in the international market.

• Comfortable financial risk profile

The company has comfortable financial risk profile marked by healthy network, modest gearing and comfortable debt protection metrics. The net worth levels of the company improved to Rs. 16.30 crore as on 31 March, 2018 (Provisional) on account of Equity infusion of Rs. 10.00 crore compared to Rs.3.59 crore as on 31 March, 2017. The gearing improved to 0.46 times as on 31 March, 2018 (Provisional) against 2.21 times as on 31 March, 2017. The total debt of Rs. 7.46 crore comprises term loan of Rs. 0.89 crore (the same has been repaid by the company), interest free unsecured loans from group companies of Rs. 0.88 crore and working capital borrowing of Rs. 5.69 crore as on 31 March, 2018 (Provisional). The interest coverage ratio (ICR) increased to 5.54 times in FY2018 (Provisional) as against 4.40 times in FY2017. Net cash accruals stood at 3.60 times in FY2018 (Provisional).

• Healthy margins

The operating margins stands healthy at 10.72 per cent in FY 2018 (Provisional) an improvement from 8.30 per cent in FY 2017. The company has been able to fetch healthy margins due to its established market position, the company attracted lot of attention from the US market for its major products; Colonial Gold and Astoria colored Granites which has demand and fetched good margins too. In line with the operating margins, PAT margins also witnessed improvement

from 2.96 per cent in FY 2017 to 4.96 per cent in FY 2018 (Provisional).

Weaknesses

• Moderate Working capital Management

The working capital management stood moderate marked by gross current asset (GCA) days of 159 in FY2018 (Provisional) as against 150 in FY2017. GCA days are mainly dominated by high collection period of 94 days in FY2018 (Provisional) compared to 86 days in FY2017. The inventory holding period stood at 38 in FY2018 (Provisional) and FY2017.

• Competition from others players are presence in fragmented industry

The company operates in a fragmented industry and faces stiff competition from other players in the market. In addition, the business is largely dependent on the export market of USA and Europe where cheap granites are available from Brazil.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of MRIPL to arrive at the rating.

Outlook: Stable

Acuite believes that MRIPL will maintain a 'Stable' risk profile over the medium term on account of its experienced management comfortable financial risk profile and healthy margins. The outlook may be revised to 'Positive' in case of sustained and significant growth in operating income while improving its profitability margins. The outlook may be revised to 'Negative' in case of sustained decline in profitability metrics and/or further increase in working capital.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	54.50	49.51	34.59
EBITDA	Rs. Cr.	5.84	4.11	3.05
PAT	Rs. Cr.	2.70	1.47	0.67
EBITDA Margin	(%)	10.72	8.30	8.81
PAT Margin	(%)	4.96	2.96	1.95
ROCE	(%)	30.23	36.43	31.50
Total Debt/Tangible Net Worth	Times	0.46	2.21	11.75
PBDIT/Interest	Times	5.54	4.40	3.56
Total Debt/PBDIT	Times	1.24	1.85	2.15
Gross Current Assets (Days)	Days	159	150	129

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	#7.50	ACUITE BBB- / Stable
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A3
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BBB- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	8.50	ACUITE A3

#Includes Secured Packing Credit/PCFC as a sublimit of CC to the extent of Rs. 7.50 crore.

Includes Bills Discounting FDDBP/FDUBD/RDBF/RUBF as a sublimit of CC to the extent of Rs. 7.50 crore

Contacts

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About Acuité Ratings & Research:

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