

Press Release

Nice Sanjay Rocks India Private Limited

January 10, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B-**' (read as **ACUITE B minus**) to the Rs. 12.00 crore bank facilities of Nice Sanjay Rocks India Private Limited (NSRI). The outlook is '**Stable**'.

NSRI (erstwhile Sanjay Rocks Granite India Private Limited) is a Jaipur based company incorporated in 2012 by Mr. Bhanwar Lal Choudhary and Mrs. Gouri Devi Choudhary. The company is engaged in manufacturing and export of granite and marble stones.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of NSRI to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

In FY17-18, Mr. Rakesh Kumar Gupta, Ms. Shalini Gupta, Mr. Ravi Bajiya and Mr. Satish Chand Gupta joined the board. They have individual experience of more than two decades in marble and granite industry. The company will benefit from long standing presence of the directors and established relationships with customers and suppliers.

Weaknesses

- **Small scale of operation with weak financial risk profile**

NSRI operates at small scale evident from its operating income of Rs.3.46 crore in FY2018 as against Rs.2.68 crore in FY2017. The company has weak financial risk profile marked by net worth of Rs. (8.98) crore as on March 31, 2018 as compared to Rs. (7.78) crore as on March 31, 2017; along with high debt to equity of (2.65) times as on March 31, 2018 as compared to (2.85) times as on March 31, 2017. The total debt of Rs. 23.82 crore as on March 31, 2018 includes long term debt of Rs. 8.68 crore, Rs. 0.40 crore working capital facility and Rs. 14.74 crore unsecured loan from promoters and related parties. However, with new management, the company is expected to improve its scale of operation and financial risk profile over the medium term.

- **Competitive and fragmented industry**

NSRI is operating in highly fragmented and competitive industry. NRSI faces stiff competition from several organised as well as unorganised players in the industry affecting its margins.

Outlook: Stable

Acuité believes that NSRI will maintain 'Stable' business risk profile over the medium term on account of experienced management. The outlook may be revised to 'Positive' in case the company registers significant growth in revenue and profitability while effectively managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case the company registers deterioration in its liquidity profile or financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	3.46	2.68	2.30
EBITDA	Rs. Cr.	1.10	0.06	-0.36
PAT	Rs. Cr.	-1.43	-2.60	-2.42
EBITDA Margin	(%)	31.90	2.36	-15.87
PAT Margin	(%)	-41.52	-97.13	-105.18
ROCE	(%)	-0.93	-17.12	-18.40
Total Debt/Tangible Net Worth	Times	-2.65	-2.85	-3.92
PBDIT/Interest	Times	1.01	-0.05	-0.20
Total Debt/PBDIT	Times	16.46	-244.83	-63.71
Gross Current Assets (Days)	Days	739	496	566

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-40.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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	1.00	ACUITE B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	7.38	ACUITE B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.60	ACUITE B- / Stable
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	3.02	ACUITE B- / Stable

*Cash credit includes WCTL of Rs.0.28 crore

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About Acuité Ratings & Research:

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