

Press Release

GLOBAL SURFACES LIMITED (ERSTWHILE GLOBAL STONES PRIVATE LIM

August 23, 2024

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term
Bank Loan Ratings	11.10	ACUITE A- Negative Reaffirmed	-
Bank Loan Ratings	117.00	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	128.10	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating 'ACUITE A-' (read as ACUITE A minus) and short-term rating 'ACUITE A2+' (read as ACUITE A two plus) on the Rs. 128.10 Cr. bank facilities of Global Surfaces Limited (erstwhile Global Stones Private Limited). The outlook is 'Negative'.

Rationale for rating

The rating continues to take into account the healthy financial risk profile and adequate liquidity position. There has been slight increase in revenue in Q1FY2025 at RS. 57.15 Cr. against Q1FY2024 at Rs. 36.37 Cr. since operationalization of Dubai facility. However a decline in net margin from 5.99% in Q1FY2024 to -2.20% in Q1FY2025 is due to increase in depreciation and finance charges. Acuite believes that the company's ability to grow its scale of operations and profitability while maintaining a healthy capital structure remains a key rating monitorable.

The rating is constrained on account of intensive working capital requirement of operations.

About the Company

The company was incorporated as Swastik Niwas Private Limited on August 23, 1991 and its name was changed to Global Stones Limited in 2004. The company was renamed to Global Surfaces Private Limited on October 20, 2021 and subsequently converted to public limited company; Global Surfaces Limited on October 21, 2021. Global Surfaces Limited (GSL), erstwhile rated as Global Stones Private Limited was takeover in 2004 by Mr. Rajiv Shah. The company is a one Star export house engaged in producing and exporting of slabs made of granite, marbles and engineered quartz. The manufacturing units are located at Jaipur, Rajasthan. The company exports granite and marble slabs to USA, Canada, UK, UAE etc.

About the Group

Global Surfaces FZE is a company incorporated in the laws of United Arab of Emirates. The company was incorporated on 14 th December 2021. The company is engaged in the manufacturing of quartz slabs. Mr. Mayank Shah and Ms. Sweta Shah are the directors of the company.

Global Surfaces Inc. is a company incorporated in the laws of United States. The company was incorporated on 20th April 2020 and is engaged in trading of quartz slabs.

Global Surfaces FZE and Global Surfaces Inc are subsidiaries of Global Surfaces Limited and together referred as Global Group.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the financial and business risk profile Global Surfaces Limited, Global Surfaces FZE, Global Surfaces Inc. The consolidation is in view of the common ownership and strong operational and financial linkages within the group.

Key Rating Drivers

Strengths

Experienced promoters with established track record of operations

The promoters of Global Surfaces Limited (GSL) have long experience in marble industry. GSL's board of directors comprises of three directors namely Mr. Mayank Shah, Mrs. Sweta Singh, and Mr. Ashish Kachawa. Mr. Mayank Shah is the managing director and has around two decades of experience in the industry. The other two directors who are professionally running the company ably support him.

Acuité believes that the group will continue to benefit from its experienced management and long track record of operation in the industry.

Healthy financial risk profile

The financial risk profile of the group is marked by net-worth of Rs. 332.22 Crores in FY24 against Rs. 261.31 Crores in FY23. The total debt of the group stood at Rs. 144.63 Crores in FY24 which consists of long term debt of Rs. 98.76 Crores and short term debt of Rs. 45.88 Crores. Further, the debt-equity ratio of the group stood at 0.44 times in FY24 against 0.64 times in FY23. The interest coverage ratio of the group stood at 8.59 times in FY24 against 10.73 times in FY23. The TOL/TNW ratio stood at 0.51 times in FY24 against 0.69 times in FY23. Company has received ~Rs 50 crore by issuing share warrants in Dec 23 and ~Rs150 crore is expected to be received by FY25.

Acuité believes that the group will remain healthy in near term due to steady accruals.

Weaknesses

Decline in business profitability

The group has reported revenue of Rs. 225.29 Crore in FY24 against Rs. 179.26 Crore in FY23. However, the EBITDA Margins of the group stood at 15.52% in FY24 against 21.10% in FY23. The decline has been due to volatility in price realization and the PAT Margins of the group stood at 8.78% in FY24 against 13.52% in FY23. The Q1FY25 revenues and profitability were at RS. 57.15 Cr. and -2.20% against Q1FY24 revenues and profitability of Rs. 36.37 Cr. and 5.99% respectively.

Acuité believes that the group.

Working capital intensive nature of operations

The working capital operations of the group is intensive marked by GCA days of 319 days in FY24 against 209 days in FY23. There is an increase in the GCA days due to the inventory days of the group which stood at 147 days in FY24 against 113 days in FY23, debtor days of the group stood at 178 days in FY24 against 90 days in FY23 and creditor days stood at 119 days in FY24 against 57 days in FY23.

Rating Sensitivities

- Improvement in operating income and profitability
- Working capital cycle

Liquidity Position

Adequate

The liquidity profile of the company is adequate. The net cash accruals of company stood at Rs. 28.71 Cr. in FY 24 against the CPLTD of Rs. 4.08 Cr. The company has cash & bank position of Rs. 2.59 Cr. and current ratio stood at 2.21 times for FY 24.

Outlook: Negative

Acuite believes that Global group will maintain a 'negative' outlook on account of deterioration in the operating performance of the company. The rating may be downgraded in case of any delay in stabilization of operations, stretch in working capital cycle or deterioration in financial risk profile driven by further deterioration in operating performance. The outlook may be revised to 'Stable' in case of substantial improvement in revenues and improvement in profitability from current levels.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	225.29	179.26
PAT	Rs. Cr.	19.78	24.24
PAT Margin	(%)	8.78	13.52
Total Debt/Tangible Net Worth	Times	0.44	0.64
PBDIT/Interest	Times	8.59	10.73

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Feb 2024	PC/PCFC	Short Term	16.00	ACUITE A2+ (Reaffirmed)
	PC/PCFC	Short Term	23.80	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.20	ACUITE A2+ (Reaffirmed)
	PC/PCFC	Short Term	14.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	2.00	ACUITE A2+ (Reaffirmed)
	Stand By Line of Credit	Short Term	20.00	ACUITE A2+ (Assigned)
	Stand By Line of Credit	Short Term	35.00	ACUITE A2+ (Assigned)
	Working Capital Term Loan	Long Term	5.80	ACUITE A- Negative (Reaffirmed)
	Term Loan	Long Term	3.30	ACUITE A- Negative (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Negative (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Negative (Reaffirmed)
17 Nov 2023	PC/PCFC	Short Term	16.00	ACUITE A2+ (Reaffirmed)
	PC/PCFC	Short Term	23.80	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.20	ACUITE A2+ (Reaffirmed)
	PC/PCFC	Short Term	14.00	ACUITE A2+ (Reaffirmed)
	Working Capital Term Loan	Long Term	5.80	ACUITE A- Negative (Reaffirmed)
	Term Loan	Long Term	3.30	ACUITE A- Negative (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Negative (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Negative (Reaffirmed)
19 Jun 2023	PC/PCFC	Short Term	16.00	ACUITE A2+ (Reaffirmed)
	PC/PCFC	Short Term	23.80	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.20	ACUITE A2+ (Reaffirmed)
	PC/PCFC	Short Term	14.00	ACUITE A2+ (Reaffirmed)
	Working Capital Term	Long		

	Loan	Term	5.80	ACUITE A- Negative (Reaffirmed)
	Term Loan	Long Term	3.30	ACUITE A- Negative (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Negative (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Negative (Reaffirmed)
31 Mar 2022	Cash Credit	Long Term	2.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Stand By Line of Credit	Long Term	5.80	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	6.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Proposed Long Term Bank Facility	Long Term	3.30	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	PC/PCFC	Short Term	16.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bills Discounting	Short Term	32.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Upgraded from ACUITE A2)
09 Mar 2021	Bills Discounting	Short Term	32.00	ACUITE A2 (Assigned)
	Letter of Credit	Short Term	4.00	ACUITE A2 (Assigned)
	PC/PCFC	Short Term	16.00	ACUITE A2 (Assigned)
	Proposed Short Term Bank Facility	Short Term	4.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BBB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.00	ACUITE BBB+ Stable (Assigned)
	Stand By Line of Credit	Long Term	5.80	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	7.30	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.20	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE A- Negative Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE A- Negative Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.00	ACUITE A2+ Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	16.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	23.80	ACUITE A2+ Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Oct 2024	Simple	3.30	ACUITE A- Negative Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Feb 2027	Simple	5.80	ACUITE A- Negative Reaffirmed

Stand by line of credit is to be read as Stand by letter of Credit

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No.	Company Name
1	Global Surfaces Limited (erstwhile Global Stones Private Limited)
2	Global Surfaces FZE
3	Global Surfaces Inc

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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