



Press Release
Stonex India Private Limited
December 12, 2023
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	105.00	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	148.27	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	15.00	-	ACUITE A2 Assigned
Total Outstanding Quantum (Rs. Cr)	268.27	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of **'ACUITE BBB+' (read as ACUITE triple B plus)** on the Rs.148.27 crore bank facilities of STONEX INDIA PRIVATE LIMITED. The outlook is **'Stable'**.

Further Acuite has assigned the long-term rating of **'ACUITE BBB+' (read as ACUITE triple B plus)** and Short Term rating of **'ACUITE A2' (read as ACUITE A Two)** on the Rs.120 crore bank facilities of STONEX INDIA PRIVATE LIMITED. The outlook is **'Stable'**.

Rationale for the rating

Acuite factors in experienced management, Improvement in Business, Healthy financial risk profile and adequate liquidity profile of the company

The revenue from operations of the company witnessed substantial improvement to Rs. 440.10 crore in FY2023 as against Rs. 336.34 crore in FY2022. Improvement in revenue is on account of increase in price and Volume sale. Likewise The operating profit margin of the company improved to 17.20 percent in FY2023 as against 9.93 percent in FY2022 on account of price increase, better product mix and scale of operations. Similarly, PAT Margin improved & stood at 8.71 Percent in FY 2023 as against 2.20 percent in FY 2022. Further company reported operating income of Rs 210.76 crore and operating margin of 18.78 percent in H1 FY 24. Coupled to this coverage indicators improved in FY 23.

Acuite believes that the company will grow its scale of operations in the volume terms and improve profitability while maintaining a healthy capital structure.

About the Company

Stonex India Private Limited is Delhi based company incorporated in 2007. The company is engaged in manufacturing of marbles, marble blocks, semi-precious stones, etc. It is promoted by Mr. Gaurav Aggarwal, Mr. Saurav Aggarwal and Mr. Vikas Aggarwal. Stonex India Private Limited has manufacturing unit at Kishangarh, Ajmer with current installed capacity of 1 crore sqft pa. Company currently under process to increase the installed capacity to ~1.90 crore Sqft pa. coupled to this one experience centre is being constructed at Peeragarhi (New Delhi) Location. Estimated capital expenditure for FY 24 is Rs~83 crore and For FY 25 is Rs ~58 crore.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Stonex India Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

The Directors of the company has vast experience in the aforementioned line of business. Their experience into this line of business would help the company to flourish. Acuite believes that Stonex India Private Limited. will continue to benefit from its operations and excellence.

Business risk profile-Improved

SIPL's operation witnessed substantial improvement which is apparent from growth in revenue from operations by ~31% in FY2023 to Rs 440.10 crore as against Rs. 336.34 crore for FY2022 (~72 percent from FY 21 to FY 23). The operating profit margin of the company increased by 727 bps in FY 23. Operating Profit Margin of company stood at 17.20% in FY2023 as against 9.93% in FY2022 likewise the net profit margin of the company jumped by 651 bps and stood at 8.71 percent in FY2023 as against 2.20 percent in FY 22. ROCE of the company stood at 24.85 times in FY2023.

Financial Risk Profile- Healthy

Company has healthy financial risk profile marked by strong net worth, moderate gearing and comfortable coverage indicators. The Total Tangible net worth stood at Rs. 133.09 Cr as on 31st March 2023 as against Rs. 94.49 Cr a year earlier. Increase in net worth is on account of Profit accretion. Company follows moderate leverage policy marked by its average gearing of last three years (Average gearing 1.53). Debt to Equity ratio improved and stood at 1.22 times in FY 2023 as against 1.47 times in FY 22. Improvement in gearing is on account of increase in Net Worth. Gearing is expected to improve in near medium term.

Interest coverage ratio grew by 272 bps and stood strong at 5.31 times for FY2023 as against 2.58 times in FY2022. Improvement in Interest coverage ratio is on account of improved operating margin and higher operating income in FY 23 in comparison to FY 22. Likewise, Debt Service coverage ratio increased by 148 bps and stood comfortable 2.72 times for FY2023 as against 1.24 times in FY2022.

Weaknesses

Working capital operations- Improved yet Intensive

Company has improved yet intensive working capital requirements as evident from gross current assets (GCA) of 231 days in FY2023 as compared to 234 days in FY2022. Intensiveness of Working capital is on account of High Inventory Days. Inventory days stood at 213 days in FY 23 (178 days in FY22). Debtor days stood at 38 days in FY2023 as against 52 days in FY 22.

Rating Sensitivities

Improvement in Operating Income as envisaged

Company's ability to maintain the existing profitability or improve upon it.

Significant Improvement in working capital management of the company resulting into improved liquidity.

Completion of Experience Centre in current fiscal

All Covenants

Not Applicable

Liquidity Position

Adequate

Company has adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio, cash and bank balance. Company generated cash accruals of Rs. 48.49 crore for FY2023 as against obligations of Rs. 8.82 crore for the same period. Current Ratio stood at 1.42 times as on 31 March 2023 as against 1.31 times in the previous year. Working capital limits are utilized at ~83 per cent during the last twelve months ended August 23 leaving additional cushion in working capital limits to meet contingencies. Cash and Bank

Balances of company stood at Rs 1.04 crore. Further company has fixed deposits of Rs 1.60 crore(unencumbered Rs ~1 crore) as on March 31, 2023.In addition to this SBI has sanction cash credit limit of Rs 40 crore in July 23 which will result result in lower bank limit utilization.

Outlook:Stable

Acuité believes that SIPL will continue to benefit over the medium term due to its "established market position and established relations with its customers, moderate financial risk profile and will maintain a 'Stable' outlook and benefit over the medium term from its promoters extensive industry experience. The rating outlook may be revised to 'Positive' in case of sustainable growth in revenues while maintaining its profitability. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further deteriorates due to stretch in payment realisation from customers or if the company undertakes significant debt funded capex leading to deterioration in its financial risk profile, especially liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	440.10	336.34
PAT	Rs. Cr.	38.35	7.41
PAT Margin	(%)	8.71	2.20
Total Debt/Tangible Net Worth	Times	1.22	1.47
PBDIT/Interest	Times	5.31	2.58

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

Not Applicable

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
30 Nov 2023	Term Loan	Long Term	0.30	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Term Loan	Long Term	25.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Cash Credit	Long Term	37.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Working Capital Term Loan	Long Term	4.71	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Proposed Term Loan	Long Term	8.47	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Term Loan	Long Term	7.47	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Cash Credit	Long Term	30.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Cash Credit	Long Term	22.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Working Capital Term Loan	Long Term	1.85	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Working Capital Term Loan	Long Term	4.47	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Working Capital Term Loan	Long Term	6.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
07 Nov 2023	Term Loan	Long Term	25.00	ACUITE BBB Positive (Reaffirmed)
	Term Loan	Long Term	7.47	ACUITE BBB Positive (Reaffirmed)
	Working Capital Term Loan	Long Term	6.00	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	37.50	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	22.50	ACUITE BBB Positive (Reaffirmed)
	Working Capital Term Loan	Long Term	4.47	ACUITE BBB Positive (Reaffirmed)
	Term Loan	Long Term	0.30	ACUITE BBB Positive (Reaffirmed)
	Working Capital Term Loan	Long Term	1.85	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB Positive (Reaffirmed)
	Working Capital Term Loan	Long Term	4.71	ACUITE BBB Positive (Reaffirmed)
	Proposed Term Loan	Long Term	8.47	ACUITE BBB Positive (Reaffirmed)
	Short Term Loan	Short Term	24.00	ACUITE A3+ (Assigned)
	Term Loan	Long Term	12.39	ACUITE BBB Stable (Assigned)
	Proposed Term Loan	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Working Capital Demand Loan	Long Term	2.94	ACUITE BBB Stable (Assigned)
		Long		

24 Aug 2022	Cash Credit	Term	10.00	ACUITE BBB Stable (Assigned)
	Working Capital Demand Loan	Long Term	7.87	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	27.50	ACUITE BBB Stable (Assigned)
	Working Capital Demand Loan	Long Term	4.71	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	16.00	ACUITE BBB Stable (Assigned)
	Working Capital Demand Loan	Long Term	7.56	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	25.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	0.30	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
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	37.50	ACUITE BBB+ Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE BBB+ Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	22.50	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE BBB+ Stable Assigned
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE A2 Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.77	ACUITE BBB+ Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	33.00	ACUITE BBB+ Stable Reaffirmed
Axis Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	7.47	ACUITE BBB+ Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	7.00	ACUITE BBB+ Stable Assigned
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	58.00	ACUITE BBB+ Stable Assigned
Axis Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	4.47	ACUITE BBB+ Stable Reaffirmed
Axis Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	4.71	ACUITE BBB+ Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	6.00	ACUITE BBB+ Stable Reaffirmed

HDFC Bank Ltd	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	1.85	ACUITE BBB+ Stable Reaffirmed
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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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