



Press Release
A-CLASS MARBLE INDIA PRIVATE LIMITED
March 19, 2024

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	76.00	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	14.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	120.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.90.00 Crore bank facilities of A-Class Marble India Private Limited (A-CMIPL). The outlook is '**Stable**'. Further, Acuite has assigned the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on Rs 30.00 crore bank facilities of A-Class Marble India Private Limited (A-CMIPL). The outlook is '**Stable**'.

Rationale for Reaffirmation

The rating derive takes into account the established track record of operations and experienced management of more than two decades in marble industry. Further, the rating takes into consideration growing revenue which stood at Rs.239.40 Crore in FY23 against Rs.193.05 Crore in FY22 and Rs.118.77 Crore in FY21. The increase in revenue is contributed by increase in the capacity utilization along with post-Covid market opportunities. These strengths are however, partly offset by the intensive working capital nature of operations marked by elongated inventory days of 235 days as on 31st March, 2023 along with risk associated for not adopting any hedging policy to mitigate the currency fluctuation risk as majority of its raw material procurements are through import and Exposure to the risk associated with ongoing project. Further, the rating factors in average financial risk profile characterized by gearing at 1.69 times as on 31st March, 2023 and debt protection metrics with DCSR stood at 1.55 times as on 31st March, 2023.

About the Company

Kishangarh, Rajasthan based, A-Class Marble India Private Limited was incorporated in July 2005 and promoted by Mr. Rai Chand Bhandari and his sons, Mr. Rajesh, and Mr. Ramesh. The company is engaged in processing and trading of marbles and slabs. The Present directors of the company are Mr. Rai Chand Bhandari, Mr. Rajesh Bhandari, and Mr. Ramesh Bhandari.

Unsupported Rating

Not applicable.

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced Management and established track record of operations

A-CMIPL has been engaged in processing and trading of marbles and slabs since 2006. Currently the company is managed by Mr. Rai Chand Bhandari, Mr. Rajesh Bhandari, and Mr. Ramesh Bhandari who has an experience of about more than two decades in same industry. Their experience into this line of business would help the company to flourish. Acuite believes that A-CMIPL will continue to benefit from its established track record and experience of promoters in this line of business.

Augmentation in business risk profile

The operations of the company have improved with a significant increase in the scale of operations. The company has achieved a top-line of Rs.239.40 Crore in FY23 against Rs.193.05 Crore in FY22 and Rs.118.77 Crore in FY21. The company has shown a growth in the top line due to unlocked market opportunities post Covid along with increase in the capacity utilization on y-o-y basis. Further, the EBITDA margins of the company has shown a marginal improvement which stood at 10.62% in FY23 against 10.48% in FY22. The PAT margin of the company stood at 3.36% in FY23 against 3.00% in FY22. Further, the company is expected to achieve the top line under the range of Rs.270-Rs.300 Crore with margins more or less in the same range in near to medium term. Acuite believes that operation of the company may continue to improve over the medium term backed by the capital expenditure under progress.

Weaknesses

Working capital intensive operations

The working capital cycle of the company is elongated due to nature of business marked by GCA days which stood at 273 days as on 31st March 23 against 303 days as on 31st March 22. The GCA days are improved on an account of inventory days which stood at 235 days as on 31st March 23 against 263 days as on 31st March 22. Due to nature of business and also as it imports its majority of requirement, company has to keep high level of inventory. Further, the debtor days of the company stood at 53 days as on 31st March 23 against 47 days as on 31st March 22. The average debtor days maintained by the company is 50-60 days. On the other hand, the creditor days of the company stood at 98 days as on 31st March 23 against 120 days as on 31st March 22. Acuite believes that working capital operations may continue to remain intensive considering the higher inventory requirements.

Average financial risk profile

The financial risk profile of the company is average marked by moderate net-worth, gearing and debt protection metrics. The net worth of the company stood at Rs.62.58 Crore as on 31st March 2023 against Rs.52.34 as on 31st March 2022 Crore. The increase in net worth is majorly due to accretion of profits and treatment of unsecured loans as quasi equity.

The total debt of the company stood at Rs.105.57 Crore as on 31st March 2023 against Rs.85.60 Crore as on 31st March 2022. The debt of the company increased in FY23 which is related to the capital expenditure related to the new display showroom which got delayed of which commencement date is expected by the end of FY25 or start of FY26 due shift in the focus from the capex to the establishment of new group company named A-Class Marble Tanzania Private limited in which ACIPL has holding of 25% of shareholding and rest is with the promoters of the company. This entity will extend its operational support in form of backward integration to ACIPL and the operations are expected to be started by Q1FY25.

Further, the leverage ratio is moderate stood at interest coverage ratio of the company of 2.57 times as on 31st March 2023 against 2.41 times as on 31st March 2022. The debt service coverage ratio of the company stood at 1.55 times as on 31st March 23 against 1.32 times as on 31st March 22. Also, the TOL/TNW ratio stood at 2.80 times as on 31st March 23 against 2.90 times as on 31st March 22. The gearing of the company stood at 1.69 times as on 31st March 23 against 1.64 times as on 31st March 22. Acuite believes that the financial risk profile of the company is likely to deteriorate in near term as company is planning to take additional debt in coming year for the capital expenditure.

Exposure to risk related to ongoing project and forex fluctuation risk

In FY23, the company undertook initial phase of the project by purchasing land near to the

existing premises. The loan for same has been sanctioned to company and this capital expenditure is related to the expansion of existing manufacturing facility along with opening a new-brand display showroom. The project is at the initial stage and hence exposed to implementation risk and funding risk as loan of approximately Rs.10 Crore yet to be sanctioned. Timely completion and successful stabilisation of operations at the new unit remain a key rating sensitivity factor. Further, the company imports approx. 70% of its raw material requirement, hence the profitability are susceptible to foreign currency fluctuation risk.

Rating Sensitivities

- Improvement in the operating performance along with improvement in profitability.
- Any deterioration in the working capital cycle leading to deterioration in financial risk profile and liquidity position.
- Timely completion of new expansion.

Liquidity Position

Adequate

The liquidity profile of the company is adequate. The company has generated net cash accruals of Rs.12.66 crore as on 31st March 23 against the debt repayment obligations of Rs.4.64 crore in the same period. Going forward, the company is expected to generate enough net cash accruals under the range of Rs.11-12 Crore against the debt repayment obligation of Rs.6.30 Crore in the near to medium term. The current ratio of the company stood at 1.63 times as on 31st March 23 against 1.68 times as on 31st March 22. The average bank limit utilization of fund based stood at 65.10% ending November 2023. Acuite believes that liquidity profile of the company is expected to remain adequate in near to medium term.

Outlook: Stable

Acuite believes that A-CMPL will continue to maintain a 'Stable' outlook over the medium term backed by its promoter's extensive industry experience and growing scale of operations. The rating outlook may be revised to 'Positive' in case of sustainable growth in revenues while maintaining its profitability and improvement in working capital operations. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further deteriorates leading to deterioration of financial risk profile and stretched liquidity.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	239.40	193.05
PAT	Rs. Cr.	8.05	5.79
PAT Margin	(%)	3.36	3.00
Total Debt/Tangible Net Worth	Times	1.69	1.64
PBDIT/Interest	Times	2.57	2.41

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
18 Jul 2023	Term Loan	Long Term	18.47	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	38.00	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	9.50	ACUITE BB+ Stable (Assigned)
	Dropline Overdraft	Long Term	1.89	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.14	ACUITE BB+ Stable (Assigned)
	Letter of Credit	Short Term	18.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A4+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	46.00	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	29.00	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2025	Simple	1.22	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	Simple	1.90	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE A4+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.32	ACUITE BB+ Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.89	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.17	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.00	ACUITE A4+ Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2032	Simple	9.50	ACUITE BB+ 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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