

Golden Rock Granites Private Limited

March 04, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.42 (Enhanced from 0.90)	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Reaffirmed
Short Term Bank Facilities	14.80	CARE A4+ (A Four Plus)	Reaffirmed
Short Term Bank Facilities	-	-	Withdrawn
Total Bank Facilities	19.22 (Rs. Nineteen Crore and Twenty-Two Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Golden Rock Granites Private Limited (GRGPL) continue to be tempered by modest scale of operations and risk associated with availability of raw material and foreign exchange fluctuation.

The ratings, however, derive benefits from long track record of operations in a niche segment and comfortable capital structure.

Rating sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Consistent increase in company's scale of operations above Rs. 100 Crore while maintaining minimum PBILDT margin above 9% in future years.

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Any deterioration in debt coverage indicators marked by total debt to gross cash accruals more than 13%

Detailed description of the key rating drivers

Key Rating Weaknesses

Modest scale of operations

The size of operations of the company has been growing consistently over the last three years, however continued to remained small. During FY21, the company recorded a growth of 20% to Rs. 76.08 Crore in FY21 (PY: Rs. 63.66 Crore) aided by increase in order inflows from its export clientele base owing to demand of granite monuments at the back of revival in the construction sector during the corresponding period.

Risk associated with availability of raw material and foreign exchange fluctuation

The inherent risk associated with this industry is that it is very difficult to procure the same quality of granite from the mines on a consistent basis. The availability of the appropriate quality and quantity of the raw material depends upon the mining operations as granites are natural products with limited reserves.

Key Rating Strengths

Long track record of operations in a niche segment

The company has a track record of more than two decades in manufacturing granite monuments. The company has a product profile of standard granite monuments, custom designed monuments, monuments with sculptures, monuments with ornamental works, mausoleum and mausoleum with sculptures. These are used as tombstones, gravestones, etc. in cemeteries in Europe and USA. Long track record of operations and experienced management team along with presence of Group Company in the granite quarrying business and in-house team of artisans for designing is to benefit the company in long-run.

Comfortable capital structure

The capital structure of the company stood comfortable during the review period. The net worth base stood satisfactory at Rs.26.70 Crore as on March 31, 2021 with an overall gearing stood at 0.95x as on March 31, 2021.

Liquidity : Stretched

Liquidity position of the company remained stretched marked by working capital intensive nature of operations and elongated operating cycle of 114 days in FY21. Considering the nature of business, GRGPL has to hold sufficient inventory to meet demand from customers. Due to limited availability of rough block, the company procures the adequate raw material leading to high inventory holding of 100 days. The bank limits are highly utilized bank limits on an average of 90% for the last twelve months ended January 31, 2022 Cash accrual are tightly matched to repay its term debt obligations of Rs. 3.42 Crore in FY22. The cash and bank balance of the company stood at Rs. 1.36 crore as on March 31, 2021.

Analytical approach: Standalone

Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of ratings](#)

About the Company

Golden Rock Granites Private Limited (GRGPL), incorporated on September 22, 2004, is engaged in manufacturing of granite monuments. The company was originally established as a partnership firm under the name 'Golden Rock Granites' in 1995 and later reconstituted as a private limited company during 2004. Currently, the installed capacity of the company stands at 460 containers per annum with 21 MT per container. These granite monuments find application mainly as tombstones and gravestones in cemeteries. The company has a track record of nearly two decades in the manufacturing of granite monuments and caters to Europe and USA markets.

Brief Financials (Rs. crore)	31-03-2019 (A)	31-03-2020 (A)	31-03-2021 (P)	10MFY22 (UA)
Total operating income	61.60	63.66	76.08	71.74
PBILDT	4.29	4.74	5.83	NA
PAT	1.13	1.24	1.75	NA
Overall gearing (times)	1.03	0.88	0.95	NA
Interest coverage (times)	2.33	2.26	2.39	NA

A: Audited – NA; Not available – UA ; Un audited – P; Provisional

Status of non-cooperation with previous CRA: Nil

Any other information: NIL

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	IS IN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - ST-PC/Bill Discounting		-	-	-	14.50	CARE A4+
Non-fund-based - ST-Letter of credit		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Forward Contract		-	-	-	0.30	CARE A4+
Fund-based - LT-Term Loan		-	-	June 2024	0.50	CARE BB+; Stable
Fund-based - LT-Working Capital Demand loan		-	-	Nov 2026	3.92	CARE BB+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (04-Mar-19)
2	Fund-based - ST-PC/Bill Discounting	ST	14.50	CARE A4+	-	1)CARE A4+ (22-Mar-21)	1)CARE A4+ (03-Mar-20)	1)CARE A4+ (04-Mar-19)
3	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4+ (22-Mar-21)	1)CARE A4+ (03-Mar-20)	1)CARE A4+ (04-Mar-19)
4	Non-fund-based - ST-Forward Contract	ST	0.30	CARE A4+	-	1)CARE A4+ (22-Mar-21)	1)CARE A4+ (03-Mar-20)	1)CARE A4+ (04-Mar-19)
5	Fund-based - LT-Term Loan	LT	0.50	CARE BB+; Stable	-	1)CARE BB+; Stable (22-Mar-21)	1)CARE BB+; Stable (03-Mar-20)	-
6	Fund-based - LT-Working Capital Demand loan	LT	3.92	CARE BB+; Stable	-	1)CARE BB+; Stable (22-Mar-21)	1)CARE BB+; Stable (03-Mar-20)	-

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities : NA**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Demand loan	Simple
3	Fund-based - ST-PC/Bill Discounting	Simple
4	Non-fund-based - ST-Forward Contract	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure 5: Bank Lender Details for this CompanyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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