

Galaxy Stonemart Private Limited

March 08, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	3.00	CARE B-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Galaxy Stonemart Private Limited (GSPL) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. In line with extent SEBI guidelines, CARE Ratings Ltd.'s ratings on Galaxy Stonemart Private Limited's bank facilities will now be denoted as **CARE B-; Stable; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings assigned to the bank facilities of Galaxy Stonemart Private Limited (GSPL) continues to remain constrained on account of small scale of operations with net loss as well as cash loss, leveraged capital structure and weak debt coverage during FY23 (April 01 to March 31). The ratings further remained constrained on account of presence in a highly competitive stone industry with linkage to cyclical real estate sector, vulnerability of margins to fluctuation in raw material prices and foreign exchange rates and easy availability of substitute products. However, the rating derives benefit from experienced management.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on February 16, 2023 following were the rating strengths and weaknesses (updated from information available from client).

Key Weaknesses

Small scale of operations with net loss as well as cash loss

During FY23, the scale of operation marked by total operating income (TOI) of the company reported growth of 20.96% but remained small at Rs. 5.01 crore as against Rs.4.14 crore during FY22. The improvement was on account of higher demand of the company's products. Further, due to higher material costs, the company's PBILDT margin has declined and remained at 7.62% during FY23 as against 17.96% during FY22. Moreover, due to high interest on unsecured loans during FY23, the company has continued to report net loss of Rs. 2.40 crore as against loss of Rs. 1.12 crore during FY22. Resultantly, the company has reported cash loss of Rs. 2.11 crore during FY23 as against loss of Rs. 0.82 crore during FY22. Additionally, during 9MFY24(Prov), the company has achieved TOI of Rs. 3.15 crore with PBILDT of Rs. 0.65 crore.

Leveraged capital structure and weak debt coverage indicators

The company has continually reported losses for five out of the past six years thereby resulting in erosion of its network base. Consequently, the capital structure of the company stood highly leveraged marked by negative overall gearing ratio. Further, debt coverage indicators of the company also stood weak owing to reporting cash losses and negligible operating profitability marked by negative total debt to GCA and below unity interest coverage. However, promoters of the company are resourceful enough and infused funds in form of unsecured loan in the business on regular basis to meet its working capital need as well as repayment obligation. During FY23, promoters have infused Rs. 10.59 crore in the form of Unsecured loans in the company.

Vulnerability of margins to fluctuation in raw material prices and easy availability of substitute products

The major raw material required by GSPL is natural stones. The profitability of the company is vulnerable to any adverse movement in raw material prices as the company will not be able to pass on the any increase in prices to its customers. Furthermore, there are various substitute products which are easily available in the market and GSPL faces competition from same.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Presence in a highly competitive stone industry with linkage to cyclical real estate sector

GSPL functions in a highly fragmented industry with presence of large number of organized and unorganized players. The entry barriers to the industry are very low and the operating margin is susceptible to new capacity additions in the industry. The industry is primarily dependent upon demand from real estate and construction sector across the globe. The real estate industry is cyclical in nature and is exposed to various external factors like the disposable income, interest rate scenario, etc.

Key strengths

Experienced Management

Mr Daulat Daga, Director, is post graduate by qualification and has around 30 years of experience in same line of business. He looks after finance function of the company. Mr Kailash Kumar Daga, director, is post graduate by qualification and looks after marketing function of the company. He has more than 25 years of experience in same line of business. Mr Pratap Daga and Mr Abhineet Daga have more than 25 years of experience and look after purchase, production, and marketing function of the company. However, promoters of the company are resourceful enough and infused funds in form of unsecured loan in the business on regular basis to meet its working capital need as well as repayment obligation. During FY23, promoters have infused Rs. 10.59 crore in the form of Unsecured loans in the company.

Applicable criteria

[CARE Rating's criteria on information adequacy risk and issuer non-cooperation](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and Industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Granites & Marbles

Galaxy Stonemart Private Limited (GSPL) was incorporated in 2004 by Mr Daulat Daga along with his family members. GSPL is engaged in the business of processing of natural stones at its plant located at Shivdaspura, Jaipur having total installed capacity of one lakh square feet per Month to process natural stones. It procures marble slabs and stones from Rajasthan and Madhya Pradesh and after processing (cutting and polishing) in plant sell its products in domestic markets. GSPL is also engaged in the business of trading of tiles and hydromx.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (Prov.)
Total operating income	4.14	5.01	3.15
PBILDT	0.74	0.38	0.65
PAT	-1.12	-2.40	-
Overall gearing (times)	NM	NM	-
Interest coverage (times)	0.47	0.15	4.33

A: Audited; Prov.: Provisional; NM: Not Meaningful; Note: 'the above results are latest financial results available';

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	3.00	CARE B-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	3.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable (16-Feb-23)	1)CARE B-; Stable (31-Jan-22)	1)CARE B-; Stable (01-Feb-21) 2)CARE B-; Stable; ISSUER NOT COOPERATING* (30-Dec-20)

*Issuer did not cooperate; based on best available information.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Shachee Nakul Vyas Assistant Director CARE Ratings Limited Phone: 079-40265665 E-mail: shachee.tripathi@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in	Foram Prakashchandra Dave Analyst CARE Ratings Limited Phone: 079-40265687 E-mail: foram.dave@careedge.in
	Sakshi Thadani Associate Analyst CARE Ratings Limited E-mail: Sakshi.Thadani@careedge.in

About us:

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