

RC Golden Granites Private Limited

December 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short Term Bank Facilities	7.18	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rating sensitivities: Factors likely to lead to rating actions

The ratings assigned to the bank facilities of RC Golden Granites Private Limited (RCG) are constrained by modest scale of operations, dependence on single client, labour intensive nature of operations, susceptibility of profit margins to volatility in foreign exchange rates and elongated working capital cycle. The ratings, however, derive strength from experienced and resourceful promoters, moderate capital structure and long and established track record of operations.

Positive factors

- Sustained improvement in the total operating income (TOI) and lower single client concentration
- Improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 15% on sustained basis

Negative factors

- Deterioration in overall gearing above 2.00x
- Tightening of liquidity with elongation of operating cycle

Analytical approach: Standalone

Detailed description of key rating drivers:

Key weaknesses

Modest scale of Operation

The company's TOI has been steady around ₹9-14 crores over the years. In FY24, TOI was ₹14.93 crore (PY ₹14.11 crore) and witnessed 6% Y-O-Y growth. For FY25, the company has an order book worth of ₹16 Cr, of which ₹6.90 Cr worth of orders already executed in H1FY25. Scale remained moderate primarily due to the company's focus on a single product and single customer along with constraints in its machine capacity. Company currently has annual capacity to undertake orders worth 120 containers (PY144 containers). The drop in efficiency of its aging machines lead to reduced capacity. Despite these challenges, the profitability margin improved in FY24 to 14.30% (PY 12.35%) with improved pricing and favorable forex movement.

Dependence on a single client and geography

RCG's entire operating income is derived from a single client based in Netherlands. The company has a long and established relationship with the client since the inception of the company and continually places repeat orders with high frequency.

Susceptibility of profit margins to volatility in foreign exchange rates

The company procures all of its raw materials and consumables locally in Indian rupees and exports the end product to Netherlands, lack of natural hedge, leading to fluctuation in profit margins arising due to volatility in Euro. However, the company has forward cover of ₹0.10 crores to mitigate this risk.

Regulatory risks associated with availability of raw material and labour

Due to low entry barriers and highly fragmented nature, the granite industry is highly competitive. Though RCG faces stiff competition from other companies, this mitigated to certain extent by company's expertise in monument segment. The inherent nature of the business necessitates maintaining large inventory as flow and availability of required grade and shade of the raw slabs on consistent basis is not feasible. As a result, the business is driven by high working capital requirements to meet the timely delivery of orders. With evolving importance on ESG compliances, the mining is highly regulated and under strict scanner of the government in terms of permissions and renewals of quarrying, allocation of quarries. As the company majorly caters to

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

customised tombstones and sculptures market, the process of polishing the granite and moulding it to required shape is highly labour intensive and time consuming. The company has a design team of 10-12 skilled labours and 30 unskilled labourers.

Key Strength

Experienced and well-established operational track record of promoters

R Chandrasekaran, the promoter of the company has over three decades of experience in the granite export business. Aided by the promoter's long presence in the granite industry, the company has been able to forge long standing relationship with the key customers of the company.

Moderate Capital structure

The company's capital structure remains moderate, with an overall gearing ratio of 1.37x as of March 31, 2024, compared to 1.15x as of March 31, 2023. In FY24, the promoters infused unsecured loans amounting to ₹4.33 crore for raw material advances. The company has no plans to incur any additional debt in the near future.

Liquidity: Stretched

The liquidity position of the firm remained stretched marked by elongated working capital cycle of 413 days in FY24 (PY: 341). The working Capital utilization is around 99% for last twelve months ended in Sept 24. Furthermore, RCG has gross cash accruals of ₹1.18 Cr in FY24 to meet its a fixed repayment obligation ₹0.97 crore in FY25. Cash and bank balance stood at ₹0.01 crore as on March 31, 2024. (P.Y. ₹0.28 Cr).

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Minerals & Mining	Industrial Minerals

RC Golden Granites Private Limited (RCG) was incorporated in 2006 by R Chandrasekaran. The company manufactures and exports customized granite monuments. The manufacturing facility, with an installed capacity of 120 containers per annum (with average 21 MT per container) as of November 2024, is located at Uthiramerur in Kanchipuram District. The Company is a 100% Export Oriented Unit (EOU) and exports to a single customer in Netherlands.

Brief Financials (₹ crore)	31-03-2023 (A)	31-03-2024 (A)	H1FY25 (UA)
Total operating income	14.11	14.93	6.90
PBILDT	1.74	2.14	NA
PAT	0.32	0.36	NA
Overall gearing (times)	1.15	1.37	NA
Interest coverage (times)	2.43	2.74	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - ST-EPC/PSC		-	-	-	4.35	CARE A4
Fund-based - ST-Foreign Bill Discounting		-	-	-	2.00	CARE A4
Fund-based - ST-Forward Contract		-	-	-	0.10	CARE A4
Fund-based - ST-Standby Line of Credit		-	-	-	0.23	CARE A4
Non-fund-based - ST-BG/LC		-	-	-	0.50	CARE A4

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - ST-EPC/PSC	ST	4.35	CARE A4	-	1)CARE A4 (27-Nov-23)	1)CARE A4 (18-Nov-22)	1)CARE A4 (16-Sep-21)
2	Fund-based - ST-Foreign Bill Discounting	ST	2.00	CARE A4	-	1)CARE A4 (27-Nov-23)	1)CARE A4 (18-Nov-22)	1)CARE A4 (16-Sep-21)
3	Non-fund-based - ST-BG/LC	ST	0.50	CARE A4	-	1)CARE A4 (27-Nov-23)	1)CARE A4 (18-Nov-22)	1)CARE A4 (16-Sep-21)
4	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	-	-	1)Withdrawn (16-Sep-21)
5	Fund-based - ST-Standby Line of Credit	ST	0.23	CARE A4	-	1)CARE A4 (27-Nov-23)	1)CARE A4 (18-Nov-22)	1)CARE A4 (16-Sep-21)
6	Fund-based - ST-Forward Contract	ST	0.10	CARE A4	-	1)CARE A4 (27-Nov-23)	1)CARE A4 (18-Nov-22)	-

ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - ST-EPC/PSC	Simple
2	Fund-based - ST-Foreign Bill Discounting	Simple
3	Fund-based - ST-Forward Contract	Simple
4	Fund-based - ST-Standby Line of Credit	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

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

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

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