

Krishna Global Marbles And Stones LLP

April 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
(i) Long Term Bank Facilities	3.00 (Enhanced from 2.80)	CARE BB-; Stable	Reaffirmed
(ii) Long Term / Short Term Bank Facilities	24.00 (Enhanced from 14.00)	CARE BB-; Stable / CARE A4	Reaffirmed
(iii) Short Term Bank Facilities	3.00	CARE A4	Reaffirmed
(iv) Long Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating for long-term bank facility (iv) was withdrawn as there are no outstanding against the said facility as on date.

The reaffirmation of ratings assigned to the bank facilities (i to iii) of Krishna Global Marble & Stone LLP (KGMS) continues to be constrained by small scale of operations albeit steady growth in the past three years, highly working capital intensive nature of operations, moderate profit margins, foreign exchange fluctuation risk, presence in competitive and fragmented industry and partnership constitution of firm.

The rating, however, continues to derive strength from the moderate track record of the firm with highly experienced promoters, reputed & diversified customer and diversified supplier base and comfortable capital structure and moderate debt coverage indicators.

Rating Sensitivities: Factors likely to lead to rating actions

Positive Factors

- Increase in scale of operations exceeding Rs.50 crore with gross cash accruals exceeding Rs.5 crore on a sustained basis
- Improvement in the interest coverage exceeding 3x on a sustained basis
- Return on capital employed (ROCE) exceeding 7% on sustained basis
- Improvement in the operating cycle to around 120 days

Negative Factors

- Significant increase in collection period or inventory holding period resulting in further deterioration in operating cycle
- Withdrawal of capital by partners or additional debt being availed resulting in deterioration in overall gearing exceeding 2.5x on a sustained basis
- Significant decline in profitability margins leading to lower cash accruals

Analytical approach: Standalone

Outlook: Stable

The continuation of "Stable" outlook reflects CARE Ratings belief that KGMS will sustain its growth in scale of operations along with comfortable financial risk profile and continue to derive benefits from its experienced promoter.

Detailed description of the key rating drivers:

Key weaknesses:

Small scale of operations albeit steady growth in the past three years

The scale of operations has exhibited consistent growth registering a CAGR of 12.85% over the last three years ended FY24. During FY24, the TOI grew by ~11% to Rs.42.28 crore (vis-à-vis Rs.38.08 crore in FY23) on the back of consistent demand from the real estate sector due to increased construction activity due to rapid urbanization. In 9MFY25 (from April 2023 to December 2024) the firm achieved revenue of Rs.28.19 crore (vis-à-vis Rs. 34.15 crore in 10MFY24). Going forward, the entity anticipates an increase in revenue due to the completion of capex related to expansion production capacity. Nevertheless, the overall scale of operations remained modest with relatively moderate tangible net-worth base of Rs.31.26 crore as on as on March 31, 2024 (vis-à-vis Rs. 26.65 crore as on March 31, 2023) which limits the financial flexibility of the group in case of any exigencies.

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

Continuous decline in operating margins remained moderate in FY24

The profitability of KGMS remains susceptible to fluctuation in the raw material prices due to the high processing period. The PBILDT margin of the firm has declined from 13.72% in FY23 to 11.30% in FY24 on account of the increase in manufacturing expenses during FY24. Further, the PAT margin of the firm improved from 1.40% in FY23 to 2.16% in FY24 on account of reduction in interest cost and receipt of non-operating income in the form of subsidy received by the firm. Further, the entity commenced exports to the Middle East which anticipates improving its profit margins, owing to the higher profitability associated with export business.

Working capital intensive nature of operations:

The operations of the firm are highly working capital intensive in nature as evident from high gross current assets period of around 364 days in FY24 (PY: 419 days). The firm's operating cycle though improved, yet it remains stretched at around 319 days in FY24 (PY: 349 days). Improvement in cycle was due to improvement in inventory and collection period during FY24. Inventory days have improved yet remained elongated at 288 days in FY24 (PY: 320 days) due to the diverse nature of marble products, which come in various types, colors, and patterns. This variety requires them to stock a wide range to meet customer demands. Additionally, the long lead time for sourcing and processing marble necessitates having sufficient inventory to avoid delays. Further, the collection period also remained on a higher side at 83 days in FY24 being dealing with the real estate sector.

Operations in the competitive and fragmented industry

KGMS operates in the marble industry, which majorly finds its application in real estate industry which is highly fragmented with presence of numerous independent large-scale companies owing to low entry barriers leading to a high level of competition. Moreover, the real estate sector remained cyclical in nature and hence, the firm's revenue visibility remains susceptible to the performance of the real estate sector. The demand from other industries, corporate customers and demand from retail segment (for renovation purposes also) shall continue to remain in the long term which shall continue to compensate the revenue of the firm.

Raw material price fluctuation and foreign currency fluctuation risk

The profitability of KGMS remains susceptible to fluctuation in the raw material prices due to the high processing period along with high finish goods inventory holding. Hence, any adverse price fluctuation in these periods may hamper the profitability of the firm. Moreover, it also remains exposed to foreign exchange fluctuation risk, given ~85% of its raw material requirements being imported from Turkey, China, Morocco, Portugal, Greece and Italy. Moreover, the firm does not take any hedge for its foreign currency exposure, nor do its business operations serve a natural hedge to it given the absence of exports.

Partnership nature of constitution

Being a limited liability partnership firm, KGMS has an inherent risk of withdrawal of capital at the time of personal contingency. Furthermore, it has restricted access to external borrowings where the low net worth base acts as the limiting factor thereby providing limited flexibility to the firm. Hence, limited funding avenues along with limited financial flexibility have resulted in small scale operations for the firm. Further partners have infused Rs. 3.71 crore during FY24 (vis-a-vis withdrawal of Rs. 0.04 crore during FY23) to support capex.

Key Strengths

Moderate track record of the firm along with well-experienced promoters

KGMS possesses a moderate track record of a decade of operations in manufacturing marble slabs and crushing of stones and is currently managed by Mr. Rajendra Verma who has extensive experience of more than two decades in the construction industry through its association with Kargwal Group, which has presence in diverse construction activities ranging from industrial plants, ports, bridges, real estate activities viz. townships of residential and commercial complexes etc. He majorly looks after the procurement of raw materials in the firm. On the other hand, Mr. Dipak Prajapati has over seven years of experience in the same line of business and handles the overall production and quality control departments. Besides, the promoters are resourceful and support the business operation through infusion of funds on a need basis as demonstrated in the past.

Reputed and moderately diversified customer and supplier base

KGMS has established long-term relationships with its various customers who primarily include reputed real estate players and wholesalers across the domestic market. Moreover, the customer and supplier profile of the firm is diversified.

Comfortable capital structure and moderate debt coverage indicators

The capital structure of the KGMS remained comfortable marked by overall gearing stood at 0.75 times as on March 31, 2024 (vis-à-vis 1.16 times as on March 31, 2023). The improvement in gearing was on account of a reduction in term loan as well as

unsecured loans. The Debt coverage indicators have improved and remained moderate with PBILDT interest coverage stood at 2.35x (PY: 2.19x) and TDGCA at 7.57x (PY: 10.87) in FY24.

Liquidity Position: Stretched

The liquidity position of the firm remained stretched marked by average maximum working capital utilization is around 97% for last twelve months ended in November 2024. Furthermore, KGMS expected gross cash accruals remain sufficiently cushioned to meet its debt repayment obligation Rs.0.90 crore for FY25 and Rs.0.80 crore for FY26. Cash and bank balance stood at Rs.0.26 crore as on March 31, 2024. (PY: Rs.0.11 crore). The current ratio stood comfortable at 2.10x as on March 31, 2024 (2.47x as on March 31, 2023) while quick ratio remained weak at 0.70x as on March 31, 2024 (0.79x as on March 31, 2023). The net cash flow from operations stood positive of Rs.8.68 crore during FY24 (vis-à-vis negative of Rs.1.64 crore during FY23).

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](#)

[Withdrawal Policy](#)

About the Company and industry

Krishna Marbles and stones LLP (KGMS) was incorporated in 2014, as a Limited liability partnership by Mr. Rajendra Verma and Mr. Deepak Prajapati. The firm is engaged in manufacturing and processing of marbles slabs which include dressing of marble block, block reinforcement, sawing, grinding, resin treatment, and polishing. The firm manufactures various types of marbles i.e. Beige, Onyx, Grey, white, travertine etc., which finds its application in flooring material, kitchen slabs, and walls. Further, the firm sells its marbles under its own brand named "Earthen pearl". The clientele of the firm comprises various real estate players and wholesalers across the domestic market. It operates through its registered office in Mumbai, Maharashtra.

Industry classification

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

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	38.08	42.28	28.19
PBILDT	5.23	4.78	4.76
PAT	0.53	0.91	0.94
Overall gearing (times)	1.16	0.75	NA
Interest coverage (times)	2.19	2.35	4.07

A: Audited UA: Unaudited; NA- Not available Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Nil

Any Other information: Not Applicable

Disclosure of Interest of Independent/Non-Executive Directors of CARE: Not Applicable

Disclosure of Interest of Managing Director & CEO: 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 for this company: 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 - LT-Term Loan		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	13-06-2028	3.00	CARE BB-; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	24.00	CARE BB-; Stable / CARE A4
Non-fund-based - ST-Letter of credit		-	-	-	3.00	CARE A4

Annexure-2: Rating History of 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	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	1)Withdrawn (06-Mar-23)	1)CARE A4 (07-Jan-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (15-Mar-24)	1)CARE BB-; Stable (06-Mar-23)	1)CARE BB-; Stable (07-Jan-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB-; Stable (15-Mar-24)	1)CARE BB-; Stable (06-Mar-23)	1)CARE BB-; Stable (07-Jan-22)
4	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (15-Mar-24)	1)CARE BB-; Stable (06-Mar-23)	1)CARE BB-; Stable (07-Jan-22)
5	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (15-Mar-24)	1)CARE BB-; Stable (06-Mar-23)	1)CARE BB-; Stable (07-Jan-22)
6	Fund-based - LT/ST-Cash Credit	LT/ST	24.00	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (15-Mar-24)	1)CARE BB-; Stable / CARE A4 (06-Mar-23)	1)CARE BB-; Stable / CARE A4 (07-Jan-22)
7	Fund-based - LT-Term Loan	LT	3.00	CARE BB-; Stable	-	1)CARE BB-; Stable (15-Mar-24)	1)CARE BB-; Stable / CARE A4 (06-Mar-23)	1)CARE BB-; Stable / CARE A4 (07-Jan-22)
8	Non-fund-based - ST-Letter of credit	ST	3.00	CARE A4	-	1)CARE A4 (15-Mar-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure 5: Bank Lender Details for this Company

To 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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About us:

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