

Inani Marbles & Industries Limited

April 06, 2017

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	14.00	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Revised from CARE BBB- (Triple B Minus)
Short-term Bank Facilities	3.35	CARE A4+ (A Four Plus)	Revised from CARE A3 (A Three)
Long-term/Short-term Bank Facilities	0.65	CARE BB+; Stable/CARE A4+ (Double B Plus; Outlook: Stable/ A Four Plus)	Revised from CARE BBB- /CARE A3 (Triple B Minus/A Three)
Total	18.00 (Rupees Eighteen crore only)		

Details of instruments/facilities in Annexure-I
Detailed Rationale & Key Rating Drivers

The revision in the ratings take into account continuous decline in total operating income (TOI) of Inani Marbles & Industries Limited (IMIL) during last two financial years ended FY16 (refers to the period April 1 to March 31) coupled with deterioration of its liquidity position.

The ratings, further, continue to remain constrained on account of vulnerability of margins to fluctuation in the raw marble prices and foreign exchange rate coupled with exposure to cyclical real estate sector.

The ratings, however, continue to derive strength from wide experience of the promoters in the marble & granite industry, established track record of operations and financial risk profile marked by healthy profitability and comfortable solvency position.

Increase in the scale of operations while maintaining healthy profitability and efficient working capital management would be the key rating sensitivities.

Detailed description of the key rating drivers
Key Rating Weakness
Continuous decline in TOI in last two financial years ended FY16

TOI of the company has witnessed continuous decline from past two financial years ended FY16 due to slowdown in real estate sector as well as lower demand from export market mainly from Middle East countries which offset to an extent with increase in demand from African countries. During FY16, TOI of the company has declined by 27.25% over FY15.

Deterioration of liquidity position

The operations of the company remained working capital intensive as reflected by elongated operating cycle due to higher inventory holding period of 180-185 days and collection period of 190-195 days and full utilization of its working capital limits during last 12 months ended January 2017.

Key Rating Strengths
Experienced promoters and established operations

Capt. Suresh Kumar Inani, Managing Director, possess more than more than 25 years of experience in stone processing and mining business. The experience of the promoters has enabled them to establish strong relationship with both domestic and export customers. IMIL owns four mines of marbles and stones located in Rajasthan two of which are located in Banswara (white marble), one in Udaipur (green marble) and one in Bhilwara (hard stone).

Healthy profitability margins and comfortable solvency position

The profitability margin of the company remained comfortable in FY16. During FY16, the PBILDT margin of the company has declined by 123 bps over FY15 owing to higher fixed expenses. The PAT margin of the company has also declined by 232 bps over FY15, however, higher in quantum as compared with decline in PBILDT margin owing to proportionate higher depreciation and interest expenses as a percentage of TOI. With decrease in TOI and PAT level, gross cash accruals of the company has declined by 35.51% over FY15.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

The capital structure of IMIL remained comfortable and improved as on March 31, 2016, mainly due to scheduled repayment of term loans and accretion of profits to reserves. Furthermore, debt service coverage indicators remained comfortable in FY16.

Risk associated with availability of raw material and exposure to cyclical real estate market

The quality of raw material (i.e. Granite block, Sandstone, Lime stone, Marble, etc.) is highly differential in nature. The availability of the right quality and quantity of the raw material depends upon the mining operations as marbles and stones are natural products with limited reserves. The marble 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. Any adverse movement in the macro-economic factors may affect the real estate industry and in turn business of IMIL.

The marble 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. Any adverse movement in the macro-economic factors may affect the real estate industry and in turn business of IMIL.

Analytical Approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Chittorgarh-based (Rajasthan) based IMIL was incorporated in October 1994, promoted by Capt. Suresh Kumar Inani. IMIL is engaged in the business of mining and processing of marbles, granites and stones along with manufacturing of marble handicrafts. The company owns four mines located in Rajasthan and sells its products both in domestic and export markets. IMIL exports to China, USA, Europe, African countries, Turkey and Middle East country. It has two processing plants (including one Export Oriented Unit) located in Chittorgarh district of Rajasthan having total processing capacity of 3.37 lakh Square Meters Per Annum (SMPA) as on March 31, 2016.

During FY16 (refers to the period April 1 to March 31), IMIL has reported a total operating income of Rs.51.71 crore (Rs.71.08 crore in FY15) and net profit of Rs.2.55 crore (Rs.5.15 crore in FY15).

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact

Name: Mr Abhishek Jain

Tel: 0141-4020213/14

Cell: +91 9251265875

Email: abhishek.jain@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the

concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	14.00	CARE BB+; Stable
Non-fund-based - ST-Letter of credit	-	-	-	1.25	CARE A4+
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	0.65	CARE BB+; Stable / CARE A4+
Fund-based - ST-Standby Line of Credit	-	-	-	2.10	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 (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (16-Mar-16)	1)CARE BBB- (04-Feb-15)	1)CARE BBB- (31-Mar-14)
2.	Fund-based - LT-Cash Credit	LT	14.00	CARE BB+; Stable	-	1)CARE BBB- (16-Mar-16)	1)CARE BBB- (04-Feb-15)	1)CARE BBB- (31-Mar-14)
3.	Non-fund-based - ST-Letter of credit	ST	1.25	CARE A4+	-	1)CARE A3 (16-Mar-16)	1)CARE A3 (04-Feb-15)	1)CARE A3 (31-Mar-14)
4.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	0.65	CARE BB+; Stable / CARE A4+	-	1)CARE BBB- / CARE A3 (16-Mar-16)	1)CARE BBB- / CARE A3 (04-Feb-15)	1)CARE BBB- / CARE A3 (31-Mar-14)
5.	Fund-based - ST-Standby Line of Credit	ST	2.10	CARE A4+	-	1)CARE A3 (16-Mar-16)	1)CARE A3 (04-Feb-15)	1)CARE A3 (31-Mar-14)
6.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (04-Feb-15)	1)CARE BBB- (31-Mar-14)

CONTACT
Head Office Mumbai**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

CIN - L67190MH1993PLC071691