



Press Release

KGF Granites Private Limited [KGPL]

March 27, 2021

Rating

Sr. No.	Instrument/ Facility	Amount (INR Crore)	Rating Assigned	Rating Action
1	<u>Long Term Fund based facilities</u> Proposed Non-Convertible Debentures*	30.00	IVR B+/ Stable Outlook [IVR Single B Plus with Stable Outlook]	Assigned

*The proposed NCDs are on a Private Placement basis and to be secured, rated & listed.

Details of facilities are in Annexure 1

Rating Rationale

The rating assigned to the Non-Convertible Debentures of KGF Granites Private Limited (KGPL) derives strength from experienced directors & management and strong source of revenue moving forward. The rating is however constrained by weak debt coverage indicators.

Key Rating Sensitivities:

➤ **Upward Rating Factor:**

Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics.

➤ **Downward Rating Factor:**

Any further decline in revenue and/or EBITDA margin leading to decline in debt protection metrics.



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Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Directors & Management

The Directors are well qualified coupled with 2 decades of experience in the industry and are instrumental in driving the growth and managing the business of the Company. Mr. Ravi Pendurthi, Management graduate from University of Monmouth manages mining and mineral operation of the group and IT infrastructure. Mr. Ranjit Pendurthi, MBA from Chicago Booth School of Management is responsible for strategizing and prudently managing Group's assets.

Strong source of revenue moving forward

The Company is discussing with AIPL (Archean Industries Private Limited) (a Group company) for supply agreement to secure Cobble Stone, Kerbs and Cubes production mainly to trade them with markque customers in United States of America. The supply agreement between KGF Granites Private Limited and Archean Industries Private Limited will be for a duration of 5 years which will be renewed on mutually acceptable terms at the expiry. KGF Granite Private Limited is supposed to commence the trading activities FY22 onwards and it is expected to trade a volume between 80,000 to 1,00,000 tons Cobble and Cubes per year.

Key Rating Weaknesses

Weak debt coverage indicators

The Company's interest coverage ratio appears low in FY22, which subsequently is expected to improve in FY23. However, the debt service coverage ratio appears to be below unity.

Analytical Approach & Applicable Criteria:

- Standalone
- Rating methodology for Trading companies
- Financial ratios and Interpretation (Non-Financial Sector)



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Liquidity: Stable

The Company is expected to generate revenues from FY22 onwards and accruals are expected to increase further with an increase in scale of operations. This can be substantiated with comfortable current & quick ratios moving forward. The company has proposed to maintain moderate cash and bank balance to meet its liquidity requirements in future.

About the company

KGF Granites Private Limited is a company promoted to undertake trading activities of Granite Cobble Stone, Kerbs and Cubes and Mr. P. Ravi and Mr. P. Ranjit are promoters of KGF Granites Private Limited. KGF Granite Private Limited is supposed to commence the trading activities from FY22 onwards and it is expected to trade a volume between 80000 to 100000 tons Cobble and Cubes per year.

Financials [KGPL – Standalone]

For the year ended/ As on*	INR in Crore	
	31-03-2019 (Audited)	31-03-2020 (Audited)
Total Operating Income	-	2.20
EBITDA	-	-
PAT	-	-
Total Debt	-	-
Tangible Net Worth	-	-
EBITDA margin (%)	N.M.	-0.03
PAT margin (%)	N.M.	-0.03
Overall Gearing Ratio (%)	-	-

* Classification as per Infomerics' standards

Details of Non Co-operation with any other CRA: Nil

Any other information: N.A.



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Rating History for last three years:

Name of Instrument/ Facility	Current Rating (Year: 2020-21)			Rating History for the past 3 years		
	Type	Amount (INR Crore)	Rating	Rating assigned in 2019-20	Rating assigned in 2018-19	Rating assigned in 2017-18
Current Long Term Fund based facility	Proposed NCDs*	30.00	IVR B+/ Stable Outlook	--	--	--

* The proposed NCDs are on a Private Placement basis and to be secured, rated & listed.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Sr. No.	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
1	<u>Long Term Fund based facilities</u> Proposed Non-Convertible Debentures*	--	--	5 years (The NCDs shall be repaid within five years from the Effective Date on a quarterly basis).	30.00	IVR B+/ Stable Outlook

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