



Press Release

SVG Exports Private Limited

April 05, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple / High / Complex)
Long Term Bank Facilities	33.26	IVR BBB-/ Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	39.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	72.26 (Seventy-two crores and twenty six lakhs)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of SVG Exports Private Limited derives comfort from extensive experience of the management, established customer base, and comfortable capital structure. However, the rating strengths are partially offset by intense competition, exposure to foreign exchange fluctuations and working capital extensive nature of operations.

Key Rating Sensitivities:

Upward Factor:

- Sharp increase in total income with significant improvement in margins and cash accruals on a sustained basis
- Improvement in capital structure, debt protection metrics and liquidity

Downward factor:

- Moderation in operating income or profitability and/or cash accrual, any further stretch in the working capital cycle driven by pile-up of inventory or stretched receivables, or sizeable capital expenditure impacting the financial risk profile, particularly liquidity.



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- Deterioration in overall gearing to over 1.50x

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experience of the management:**

The company was incorporated in 2001 and has an established track record of around 2 decades. The promoters are well experienced in the granite and hotel businesses. The longstanding presence in the granite industry and established track record has helped the company bag repeat orders from the existing clients. The experience of the promoters and their understanding of the dynamics of the industry is expected to support the business risk profile.

- **Established customer base:**

The company has long standing relationships with its clientele located across the US and Europe. Some of the key customers are M S International Inc., USA (~ 18% of revenue), Naturstein Risse, Germany (~24% of revenue), Arizona Tile Purchase Inc., USA (~10% of revenue) etc.

- **Comfortable capital structure**

The capital structure of the company remained comfortable over the past fiscals. The overall gearing ratio remained comfortable at 0.73x as on March 31, 2021 which marginally improved from 0.86x as on March 31, 2020. The net worth stood healthy at of Rs. 103.63 crore as on March 31, 2021 as against Rs. 91.74 crore in the previous year. Further, total indebtedness of the company as reflected by TOL/TNW remained stable and comfortable at 1.11x as on March 31, 2021. The debt protection metrics remained strong, with interest coverage ratio at 5.94x in FY21.



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B. Key Rating Weaknesses

- **Intense competition**

The granite industry is marked by high competition due to presence of large number of organised and unorganised players in the domestic market including various players catering to the export market along with various international granite processors from other granite exporting countries. Further, the revenues are vulnerable to macroeconomic factors like the performance of the housing real estate sector in export market.

- **Exposure to foreign exchange fluctuations**

The company is deriving a major portion of its revenues from exports. However, the profit margins are susceptible to fluctuations in foreign exchange rates to the extent of exports which remain unhedged. However, the company has not booked any loss in the past two fiscals.

- **Working capital intensive nature of operations**

The company sources its rough blocks from its captive quarries which are then cut and polished at its processing unit. The entire process requires a significant processing time. Further, the company also holds a sizable inventory to support its operation. High amount of semi- finished goods and inventory holdings led to high working capital requirement for the company.

Analytical Approach: Standalone

Applicable Criteria :

Rating Methodology for Manufacturing companies

Financial Ratios & Interpretation Non- Financial Sector

Liquidity – Adequate

The liquidity remains adequate keeping in view the near full utilisation of the PC facility during the last 12 months. Liquidity ratios continues to be below unity with the Current ratio being 0.97x and Quick ratio being 0.69x in FY 21. The company has expected GCA of Rs.



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28.13 crore to Rs. 48.15 crore from FY22-FY24, as against scheduled debt repayments of Rs. 13.14 crore to Rs. 25.24 crore in the same period.

About the Company

SVG Exports Private Limited was incorporated in 2001 at Bengaluru. The Company is engaged in quarry mining, processing and exporting of granite blocks, slabs and tiles. The company has two plants- one is located at SIPCOT (State Industries Promotion Corporation of Tamilnadu Ltd), Hosur with licensed capacity of 60 lakh sq. ft and the other plant is located near the quarries in Chamarajanagar also having licensed capacity of 60 lakh sq. ft. The company also operates a 3 star hotel – La Marvella in Bangalore, Karnataka. Mr. A. Bhaskar, Mrs. A. Thara, Mr. Vishnukaran Adi Bhaskar and Ms Vinushritha Adi Bhaskar are the Directors.

Financials (Standalone):

For the year ended* As on	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	149.97	129.89
EBITDA	28.89	25.45
PAT	13.47	11.89
Total Debt	78.48	75.74
Tangible Net worth	91.74	103.63
EBITDA Margin (%)	19.26	19.59
PAT Margin (%)	8.94	9.06
Overall Gearing Ratio (x)*	0.86	0.73

*classification as per Infomerics standard

Status of non-cooperation with previous CRA: N.A.

Any other information: Nil

Rating History for last three years:

(Rs. Crore)

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2021-22)		Rating History for the past 3 years		
		Amount	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19



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1.	Long term - Fund based	33.26	IVR BBB-/ Stable	-	-	-
2.	Short term- Fund based	35.00	IVR A3	-	-	-
3.	Short term- Non-Fund Based	4.00	IVR A3	-	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- Term Loan	-	-	-	26.26	IVR BBB-/ Stable Outlook (IVR Triple B Minus with Stable Outlook)
Long Term Bank Facilities – CC Limit/OD Limit				7.00	IVR BBB-/ Stable Outlook (IVR Triple B Minus with Stable Outlook)
Short Term Bank Facilities - PCFC	-	-	-	35.00	IVR A3(IVR A Three)
Short Term Bank Facilities - ILC	-	-	-	3.00	IVR A3 (IVR A Three)
Short Term Bank Facilities - FCP	-	-	-	1.00	IVR A3 (IVR A Three)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/SVG-Exports-lenders-apr22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Long Term Bank Facilities- Term Loan	Simple
2.	Long Term Bank Facilities – CC Limit/OD Limit	Simple



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3.	Short Term Bank Facilities - PCFC	Simple
4.	Short Term Bank Facilities - ILC	Simple
5.	Short Term Bank Facilities - FCP	Simple

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.

