



Press Release

Skyz Stones Private Limited (SSPL)

February 20, 2024

Ratings:

Instrument / Facility	Amount (Rs crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	15.99	IVR BB / Stable (IVR Double B with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	41.00	IVR A4 (IVR A Four)	Assigned	Simple
Proposed	1.29	IVR A4 (IVR A Four)	Assigned	Simple
Total	58.28			

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings assigned to the bank facilities of Skyz Stones Private Limited continue to derive strength from its experienced promoters with long track record, locational advantage and moderate capital structure and satisfactory debt protection matrices. However, the rating strengths are partially offset by vulnerability of profit margins to fluctuation foreign exchange rates, highly competitive market with dependence on the real estate sector and working capital intensive nature of operations.

Key Rating Sensitivities:

Upward Factors:

- Substantial improvement in revenue and/or profitability margins leading to sustained improvement in debt coverage indicators may lead to a positive rating action.

Downward Factors:

- Any deterioration in revenue and/or profitability margin leading to deterioration in debt coverage indicators may lead to a negative rating action.



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Key Rating Drivers with detailed description:

A. Key Rating Strengths

Experienced promoters with long track record:

The promoters have over three decades of experience in the respective industry. Mr. Mukesh Modani (MD) is at the helm of affairs of the company with support from other two directors and a team of experienced professionals. The company has started since 1990, thus enjoying about three decades of operational track record.

Locational advantage:

The manufacturing facilities of SSPL are located at Ajmer and they have 5 quarries in Khatoo district in Rajasthan, 3 quarries of teakwood sandstone and 2 Quarries of rainbow sandstone. Easy availability of raw material and easy availability of skilled manpower are the key advantages in the area.

Moderate capital structure and satisfactory debt protection matrices:

The capital structure is marked by debt-equity ratio and overall gearing ratio have been remain moderate at 0.71x in FY23 and 2.37x in FY23 respectively. Further, Interest coverage ratio was satisfactory at 3.49x in FY23.

B. Key Rating Weaknesses

Vulnerability of profit margins to fluctuation foreign exchange rates:

SSPL exports part of its products to various countries, which expose its profit margins to foreign exchange fluctuation risks in absence of active foreign exchange hedging policy. Therefore, any adverse movement in the prices of foreign currency can negatively affect the profitability margin of the company. Further, there are various substitute products which are easily available in the market and SSPL faces competition from same.

Highly competitive market with dependence on the real estate sector:



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Natural stone slabs industry is highly competitive due to facts like low entry barriers, easy availability of raw materials. However, SSPL faces stiff competition from established players in the organised market. This apart, SSPL's sales and profitability remain vulnerable to demand from the cyclical real estate sector.

Working capital intensive nature of operations:

SSPL's operations necessitate maintaining high levels of raw material inventory to ensure uninterrupted production. The average inventory holding period was 475 days in FY23 as against 275 days in FY22. SSPL generally provides 90-120 days credit period to its customers. As against this, its suppliers extend it credit in the range of 45 to 90 days. Thus, SSPL's operations remain working capital intensive. Its operating cycle increased from 290 days in FY22 to 474 days in FY23.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity – Adequate

The Company had a comfortable current ratio of 1.16x on March 31, 2023. The average utilisation of working capital limits was moderate at around 85% for the 12 months ended December 2023. No capex is planned for FY24-26. The overall liquidity of the company is Adequate.

About the Company

Skyz Stone Private Limited deals in natural stones for architects, designers, estate developers. The company is located in Jaipur, it was started at a small scale by the director Mr. Mukesh K Modani.

Natural stones is categorized in many forms, SSPL has focus on sandstone and granites as they have their own quarries. The business earlier was dealing in majority



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of sandstone, in a year of time they have introduced other categories like limestone & granite which has wide accepted applications and uses.

Financials: Standalone

(Rs. crore)

For the year ended/* As On	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	132.76	103.10
EBITDA	9.88	9.32
PAT	6.05	1.18
Total Debt	53.26	58.80
Adjusted Tangible Net-worth	23.45	24.77
Ratios		
EBITDA Margin (%)	7.44	9.04
PAT Margin (%)	4.47	1.14
Overall Gearing Ratio (x)	2.27	2.37

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022- 23	Date(s) & Rating(s) assigned in 2021- 22	Date(s) & Rating(s) assigned in 2020- 21
1.	Term Loan	Long Term	1.39	IVR BB/ Stable	-	-	-
2.	Term Loan	Long Term	4.16	IVR BB/ Stable	-	-	-
3.	GECL	Long Term	2.44	IVR BB/ Stable	-	-	-
4.	GECL 1.0 Extension	Long Term	8.00	IVR BB/ Stable	-	-	-



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5.	EPC/PCFC	Short Term	41.00	IVR A4	-	-	-
6.	Proposed	Short Term	1.29	IVR A4			

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information visit www.infomerics.com.

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facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	-	-	March 2024	1.39	IVR BB/ Stable
Term Loan	-	-	June 2025	4.16	IVR BB/ Stable
GECL	-	-	September 2024	2.44	IVR BB/ Stable
GECL 1.0 Extension	-	-	December 2026	8.00	IVR BB/ Stable
EPC/PCFC	-	-	Revolving	41.00	IVR A4
Proposed			-	1.29	IVR A4

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SkyzStones-feb24.pdf>

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

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