



Press Release

Stonex India Private Limited

November 14, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	274.43	IVR BBB+/Stable [IVR Triple B Plus with stable outlook]	-	Assigned	Simple
Short Term Bank Facilities	19.00	IVR A2 [IVR A Two]	-	Assigned	Simple
Total	293.43	[Two hundred ninety-three crore and forty-three lakh rupees only]			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating assigned to the bank facilities for the long-term facilities to IVR BBB+ with stable outlook and short term facilities to IVR A2 of Stonex Inida Private Limited (SIPL).

The rating assigned are on account of experienced promoters, growing scale of operations albeit marginal moderation in profitability in FY24 coupled with comfortable credit risk metrics. However, these rating strengths are partially offset by working capital intensive nature of operations along with project implementation risk. Further, the company is also exposed to susceptibility of margins to volatility in raw material prices and foreign exchange rates.

The 'Stable' outlook reflects Infomerics Ratings expectation of sustained profitability and running order book position. Infomerics believes SIPL will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of SIPL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:



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Upward Factors

- Sustained and significant improvement in revenues and profitability
- Successful completion of capex undertaken without cost overrun and timely commercialization of the facilities.
- Improvement in working capital cycle and sustenance of financial risk profile.

Downward Factors

- Any decline in scale of operations and/or profitability, leading to significant deterioration of debt protection metrics.
- Further deterioration in operating cycle.
- Delay in completion of the project with cost overrun and significant delay in commencement of operations.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The company is promoted by Mr. Gaurav Agarwal, Mr. Saurav Agrawal, Mr. Vikas Agarwal. The promoter has long experience in the marble industry which has helped the company to establish strong relationships with customers and suppliers, thereby, withstanding industry cycles ensured continuous growth. They are well supported by professional second-tier management.

- **Growing scale of operations albeit marginal moderation in profitability in FY24**

The total operating income of the company has grown at (CAGR) of 17.21% during the past three years ended as on March 31, 2024. Further, the TOI of the company has improved marginally by 3.33% in FY24 and stood at Rs. 454.76 crore compared to Rs. 440.10 crore in FY23 on account of increase in sales average realisation of marble slabs, although the sales quantity declined during the year. Despite increase in scale of operation, the EBITDA margin of the company declined by 39 bps and stood at 16.81% in FY24 as against 17.20% in FY23 mainly on account of increase in raw material



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consumption cost along with substantial increase in salary expenses. Further, with decline in EBITDA margin and increase in interest and finance cost, the PAT margin of the company declined by 97 bps and stood at 7.75% in FY24 compared to 8.71% in FY23. The GCA stood at Rs. 43.97 crore in FY24 compared to Rs. 47.79 crore in FY23 on account of decline in profitability.

- **Comfortable credit risk metrics**

The capital structure of the company stood moderate marked with overall gearing ratio at 1.33x as on March 31, 2024, same as that on March 31, 2023. The TOL/TNW of the company stood at 1.93x as on March 31, 2024, improved from 2.14x as on March 31, 2023, on account of decline in creditors. Unsecured loans to the tune of Rs. 5.94 crore as on March 31, 2024, have been considered as quasi-equity as the same are subordinate to bank debt. The debt protection metrics of the company stood comfortable marked by Interest coverage ratio at 3.93x in FY24, although deteriorated from 5.29x in FY23 on account of increase in interest and finance cost. The DSCR stood at 2.20x in FY24 compared to 2.69x in FY23. The total debt to GCA stood high at 5.06x as on March 31, 2024, deteriorated from 3.52x as on March 31, 2023, on account of increase in debt.

Key Rating Weaknesses

- **Working capital intensive nature of operation**

The operations of the company remained working capital intensive over the years due to its high average inventory holding period coupled with increase in average debtors' collection period during FY24. Moreover, the GCA days of the company also remained high at ~279 days in FY24 (~232 days in FY23).

- **Susceptibility of margins to volatility in raw material prices and foreign exchange rates:**

The company's operating margin is highly susceptible to any adverse movement in raw material prices as the prices has reflected prices volatility post COVID till 2023. Although the prices have shown signs of stabilizing post 2023, but factors like geopolitical tensions,



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economic fluctuations, and changes in consumer preferences could still lead to volatility. Any increase in the price of the natural marble may significantly impact the operating margins of the company. Further, as a significant procurement requirement is imported, therefore the company is exposed to forex risk.

Project implementation risk

The company has undertaken 2 capex totalling to Rs 191.49 crore to enhance its capacity and development of experience centre at Peeragarhi, Delhi. Timely completion of capex and impact of subsequent ramp up on revenue and operating margin will remain key monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity of the company is adequate as the company expects sufficient cushion in its cash accruals vis-à-vis debt repayments in next 3 years. The company has an unencumbered cash & bank balances of Rs. 3.61 crore as on September 30, 2024. The fund based average working capital limit utilization was ~83.40% during the 12 months period ended August 2024. The Current and quick ratio of the company stood at 1.45x and 0.46x respectively as on March 31, 2024. The operating cycle stood elongated at 223 days in FY24 deteriorated from 172 days in FY23 due to increase in inventory days. The Gross cash accruals stood at Rs.53.99 crore in FY25 against debt obligation of Rs. 13.65 crore.



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About the Company

Stonex India Private Limited (SIPL) was formed as a partnership concern in 2003 by the Agarwal family. Later in 2007 the constitution of the company has changed to Private Limited company. The company is promoted by Mr. Gaurav Agarwal, Mr. Saurav Agrawal, Mr. Vikas Agarwal. The company was engaged in processing of marbles, marble blocks, semi-precious stones, etc. The company have its registered office at Delhi and the manufacturing unit is located at Kishangarh, Rajasthan with a total installed capacity of 1 crore square feet. Further, the company also have a windmill at Mandsaur, Madhya Pradesh with an installed capacity of 1.5MW.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	440.10	454.76
EBITDA	75.70	76.44
PAT	38.35	35.25
Total Debt	168.30	222.44
Tangible Net Worth	126.87	160.93
EBITDA Margin (%)	17.20	16.81
PAT Margin (%)	8.71	7.75
Overall Gearing Ratio (x)	1.33	1.33
Interest Coverage (x)	5.29	3.93

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information:

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (FY25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in FY24	Date(s) & Rating(s) assigned in FY23	Date(s) & Rating(s) assigned in FY22
					-	-	-
1.	Long Term Facilities	LT	274.43	IVR BBB+ /Stable	--	--	--
2	Short Term Facilities	ST	19.00	IVR A2	--	--	--



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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 and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Facilities- Term loan	-	-	-	Sep, 2031	143.43	IVR BBB+/Stable
Long Term Facilities- Cash Credit	-	-	-	--	131.00	IVR BBB+/Stable
Short-term Facilities- Overdraft	-	-	-	-	4.00	IVR A2
Short-term Facilities- Letter of Credit	-	-	-	-	15.00	IVR A2

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Stonex-India-nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable

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.