



Ref: GSL/SEC/2023-24/24

Date: June 20, 2023

To
BSE Limited
Dept of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001 (Maharashtra)
Scrp Code: 543829

National Stock Exchange of India Limited
The Listing Department
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051 (Maharashtra)
Symbol: GSLSU

Subject: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we wish to inform you that Acuité Ratings & Research Limited has reaffirmed the long-term rating 'ACUITE A-' (read as ACUITE A minus) and short-term rating ACUITE A2+ (read as ACUITE A two plus) on the Rs.73.10 Cr bank facilities of 'Global Surfaces Limited (GSL); (erstwhile known as Global Stones Private Limited)'. The outlook is revised from 'Stable' to 'Negative'.

You are requested to take on record the above information.

Thanking you
Yours faithfully,

For Global Surfaces Limited

Aseem Sehgal
Company Secretary and Compliance Officer
M. No.: A55690



Registered Office & Quartz Division: Plot No. : PA-010-006, SEZ
Engineering & Related Industries, Mahindra World City,
Teh. Sanganer, Jaipur 302037 (Rajasthan), Ph. 0141-7191000

Natural Stone Division: Plot No. : E40-42, G43-47
RIICO Industrial Area, Bagru Ext., Jaipur 303007,
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Press Release
GLOBAL SURFACES LIMITED (ERSTWHILE GLOBAL STONES PRIVATE LIMITED)
June 19, 2023
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.10	ACUITE A- Negative Reaffirmed Stable to Negative	-
Bank Loan Ratings	62.00	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	73.10	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating 'ACUITE A-' (read as ACUITE A minus) and short-term rating ACUITE A2+ (read as ACUITE A two plus) on the Rs.73.10 Cr bank facilities of 'Global Surfaces Limited (GSL); (erstwhile known as Global Stones Private Limited)'. The outlook is revised from 'Stable' to 'Negative'.

Rationale for revision in outlook and reaffirmation of rating

The revision in outlook is on account of deterioration in the operating performance of the Global Group in FY2023. The revenue of the group declined to Rs.179.26 crore in FY2023 as against Rs. 190.04 crore in FY2022. The decline was majorly on account of reduced export orders, primarily due to interest rate hikes in US market resulting in lower demand in House construction and renovation. Furthermore, the group operation are associated with customer concentration risk as the top 5 customers of the company contributes ~65 percent to the overall revenues of in FY2023.

Also, the profitability of the group witnessed continuous deterioration over FY2021-23. The operating profit margin of the group declined to 21.10 percent in FY2023 as against 24.36 percent in FY2022 and 28.30 percent in FY2021. The decline in operating profit margin is majorly on account of increase in raw material costs especially the cost of resin which is the primary raw material for the products manufactured by the group. Similarly, the company reported Profit After Tax (PAT) of Rs.24.24 crore in FY2023 as against Rs.35.46 crore in FY2022 reflecting a de-growth of 31.65 percent YoY during the same period.

However, the rating draws comfort from healthy financial risk profile and experienced management of the group. Also, the liquidity position of the group remains strong on account of healthy net cash accruals of Rs.33.67 crore in FY2023 as against Rs.0.81 crore of matured debt obligations during the same period. Acuite believes that the company's ability to grow its scale of operations and profitability while maintaining a healthy capital structure remains a key rating indicator.

About Company

The company was incorporated as Swastik Niwas Private Limited on August 23, 1991 and its name was changed to Global Stones Limited in 2004. The company was renamed to Global Surfaces Private Limited during on October 20, 2021 and subsequently converted to public limited company; Global Surfaces Limited on October 21, 2021. Global Surfaces Limited (GSL), erstwhile rated as Global Stones Private Limited was takeover in 2004 by Mr. Rajiv Shah. The company is a one Star export house engaged in producing and exporting of slabs made of granite, marbles and engineered quartz. The manufacturing units are located at Jaipur,

Rajasthan. The company exports granite and marble slabs to USA, Canada, UK, UAE etc.

About the Group

Global Surfaces FZE and Global Surfaces Inc are subsidiaries of Global Surfaces Limited and together referred as Global Group.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the financial and business risk profile Global Surfaces Limited, Global Surfaces FZE, Global Surfaces Inc. The consolidation is in view of the common ownership and strong operational and financial linkages within the group.

Key Rating Drivers

Strengths

Experienced promoters with established track record of operations

The promoters of Global Surfaces Limited (GSL) have long experience in marble industry. GSL's board of directors comprises of three directors namely Mr. Mayank Shah, Mrs. Sweta Singh, and Mr. Ashish Kachawa. Mr. Mayank Shah is the managing director and has around two decades of experience in the industry. He is ably supported by other directors who are professionally running the company.

Acuité believes that the company will continue to benefit from its experienced management and long track record of operation industry.

Healthy Financial Risk Profile

The financial risk profile of the group remained healthy marked by healthy net worth, low gearing and comfortable debt protection metrics. The group's net worth improved and stood at Rs261.31 crore as on March 31, 2023 as against Rs.133.60 crore as on March 31, 2022. The improvement in net worth is majorly on account of additional funds raised from public by the holding company of the group i.e. Global Surfaces Limited in the form of IPO and also supported by profit accretions in reserves.

The gearing level (debt-to-equity) of the group deteriorated yet remained low at witnessed Moderation and stood at 0.64 times as on March 31, 2023 as against 0.28 times in FY 2022. Furthermore, the debt protection matrices of the group remained comfortable marked by Interest Coverage Ratio of 10.73 times for FY2023 as against 16.84 times in FY2022 and Debt Service Coverage Ratio stood of 8.50 times for FY2023 as against 11.81 times in FY2022. Total outside liabilities to total net worth (TOL/TNW) stood at 0.69 times as on March 31, 2023 vis-à-vis 0.32 times as on March 31, 2022. However, Debt to EBITA stood high at 4.34 times as on March 31, 2023 as against 0.77 times as on March 31, 2022 majorly on account of increase in short term borrowings of the group. The Net Cash Accruals to Total debt stood at 0.20 times as on FY2023 and 1.22 times for FY2022. The holding company has transferred the proceeds of IPO in its Subsidiary Global Surfaces FZE in the form of USL and subsequently the subsidiary has repaid its debt to the tune of Rs~63 Cr in May 2023 as per Disclosures filed with BSE.

Acuité believes that the stability of financial risk profile at the current levels of the group will going to be a key rating sensitivity over the medium term.

Weaknesses

Decline in business operations and profitability

Global Group's operation witnessed moderation which is apparent from dip in consolidated revenue from operations by ~6% in FY2023 to Rs.179.26 crore as against Rs. 190.04 crore in FY2022. Moderation in revenue is attributable to dip in revenue from Granite and Marble. Revenue from Granite and Marbles was ~28 percent of total Revenue in FY 21 which came down to ~12 percent of total Revenue in FY 23. Revenue from Granite and Marbles reduced by ~55 percent from FY 21 to FY 23. Revenue from Quartz witnessed minuscule moderation of

116 bps in FY 23 in comparison to last year. The operating profit margin of the group moderated by 326 bps in FY 23. Operating Profit Margin of group stood at 21.10% in FY2023 as against 24.36% in FY2022. Further, the net profit margin of the group moderated by 514 bps and stood at 13.52 percent in FY2023 as against 18.66 percent in FY2022. Also, the clientele profile of the company is concentrated with company deriving around 65% of revenue from top 5 clients during FY23. The ability of the company to diversify its customer base would be critical factor going ahead.

Working capital intensive nature of operations

The operations of the group are working capital intensive in nature marked by high gross current assets (GCA) of 209 days for FY2023 as compared to 202 days for FY2022. Intensiveness of the working capital is due to its nature of business. Debtor days stood remained high and stood at 90 days for FY2023 as against 75 days for FY2022. The increase in receivable period of the group was majorly on account of delay in receipt of bill of lading during FY2023. Inventory days stood at 113 days for FY2023 as against 119 days for FY2022. Current ratio of group stood at 1.50 times as on March 31, 2023. However, the average working capital utilisation by the group remained moderate at ~64 percent in last six months ended April, 2023.

Acuite believes that the management ability to efficiently manage its working capital requirements will continue to remain a key rating monitorable over the medium term.

Rating Sensitivities

Significant improvement in operating income and profitability

Elongation in working capital cycle

Operationalization of New Capacity on time

Liquidity Position

Strong

Group has strong liquidity marked by net cash accruals to its maturing debt obligations, Current Ratio, Cushion available in Working capital Limits and Bank Balances. Group generated cash accruals of Rs. 33.67 crore for FY2023 while debt obligations of Rs. 0.81 crores for FY2023. The current ratio stood at 1.50 times as on March 31, 2023. The cash and bank balances of group stood high at Rs 113.58 crores. (Cash and cash equivalent Rs 6.50 crore and Bank Balance Rs 107.08 crore). Further the Fund Based Bank Limit Utilization in six months ended April 23 was ~64 percent leaving additional cushion to meet the contingencies. The liquidity of the group is further expected to improve with group expected to generate cash accruals in the range of Rs. 45 to 65 Cr. against repayment of ~Rs. 3 to 4 Cr. will also support the liquidity of the company. Acuite believes that the liquidity position of the group will remain strong on account of healthy net cash accruals against matured debt obligations over the medium term.

Outlook: Negative

Acuite believes that Global group will maintain a 'negative' outlook on account of deterioration in the operating performance of the company. The rating may be downgraded in case of stretch in working capital cycle or deterioration in financial risk profile driven by further deterioration in operating performance. The outlook may be revised to 'Stable' in case of substantial improvement in revenues and improvement in profitability at current levels.

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	179.26	190.04
PAT	Rs. Cr.	24.24	35.46
PAT Margin	(%)	13.52	18.66
Total Debt/Tangible Net Worth	Times	0.64	0.28
PBDIT/Interest	Times	10.73	16.84

Key Financials (Consolidated)

Consolidation is done for FY 23 as the majority of the capex done and Funds tied up in FY 23.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Mar 2022	Bills Discounting	Short Term	32.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Standby Line of Credit	Long Term	5.80	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Packing Credit	Short Term	16.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Proposed Bank Facility	Long Term	3.30	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	6.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	2.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
09 Mar 2021	Proposed Bank Facility	Long Term	2.00	ACUITE BBB+ Stable (Assigned)
	Proposed Bank Facility	Short Term	4.00	ACUITE A2 (Assigned)
	Bills Discounting	Short Term	32.00	ACUITE A2 (Assigned)
	Term Loan	Long Term	7.30	ACUITE BBB+ Stable (Assigned)
	Standby Line of Credit	Long Term	5.80	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BBB+ Stable (Assigned)
	Letter of Credit	Short Term	4.00	ACUITE A2 (Assigned)
	Packing Credit	Short Term	16.00	ACUITE A2 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	0.20	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE A- Negative Reaffirmed Stable to Negative
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE A- Negative Reaffirmed Stable to Negative
HDFC Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE A2+ Reaffirmed
Kotak Mahindra Bank	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	14.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	16.00	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	23.80	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.30	ACUITE A- Negative Reaffirmed Stable to Negative
HDFC Bank Ltd	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	5.80	ACUITE A- Negative Reaffirmed Stable to Negative

PCFC is Pre Shipment Credit/Post Shipment Credit

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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