

Baba Super Minerals Private Limited

January 16, 2024

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE B; Stable / CARE A4 and Withdrawn
Long Term Bank Facilities	-	-	Reaffirmed at CARE B; Stable and Withdrawn
Short Term Bank Facilities	-	-	Reaffirmed at CARE A4 and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of CARE B; Stable/ CARE A4 [Single B; Outlook: Stable / A Four] assigned to the bank facilities of Baba Super Minerals Private Limited (BMPL) with immediate effect. The above action has been taken at the request of BMPL and 'No Objection Certificate' received from the bank that have extended the facilities rated by CARE Ratings Ltd.

Analytical approach: Standalone

Detailed description of the key rating drivers

Key Weaknesses

Moderate scale of operations and profitability margins

Scale of operations marked by TOI remained moderate at Rs.108.50 crore during FY23 as against Rs.148.33 crore during FY22. Reduction in TOI is on account of anti-dumping duty imposed on quartz. BMPL exports 95% and sales domestically around 5% of its products. PBILDT margins remained moderate at 8.86 % during FY23 as against 20.79% during FY22. Margins during FY22 went high from average margin of 10% on account of receipt of exceptional order after covid pandemic. PAT margin remained at 0.99% during FY23 as against 11.65 % during FY22 and 2.23% during FY21.

Moderate capital structure and debt coverage indicators

Capital structure remained moderate marked by overall gearing of 1.81 times as on March 31, 2023, as against 1.70 times as on March 31, 2022. TDGCA remained at 15.19 years as on March 31, 2023, as against 2.76 years as on March 31, 2022, on account of substantial deterioration of GCA levels during FY23. Debt coverage indicators marked by interest coverage ratio remained at 2.17 times during FY23 as against 6.96 times during FY22.

Vulnerability of margins to fluctuation in raw material prices and foreign exchange rates and easy availability of substitute products

Different types of natural stones are the main raw material used by BMPL to produce various finished products. The company procures raw materials mainly from Rajasthan. The profitability of the company is vulnerable to any adverse movement in raw material prices as the company will not be immediately able to pass on the increased price to its customer and its elongated raw material inventory holding period. BMPL is exposed to foreign exchange fluctuation risk considering that the company generates entire income in foreign currency and absence of any import. However, risk is mitigated to certain extent with hedging policy in place. Further, there are various substitute products which are easily available in the market and BMPL faces competition from same.

Key Strengths

Experience promoters

The promoters of the company have vast experience in the industry. The company belongs to "BABA Group" and group includes Baba Fabrics (Started in 1982) which is engaged in trading of fabrics, Baba Minerals (Started in 2006), Shakti Minerals (Started in 2007) and Tanush Micro Mineral Pvt Limited (Started in 2008) which are engaged in mining and processing/grinding of minerals. BMPL receives around 40% of raw material from its sister concern BABA Minerals. Also, promoters have incorporated Baba Flooring Private Limited, for manufacturing tiles.

Strategic location of manufacturing units with close proximity to raw material sources

BMPL's manufacturing facility is located in Rajasthan, strategically located in one of the major minerals producing region of India which makes it easier for the company to access its primary raw material like sandstone, slatestone, limestone and quartzite. It uses mainly sandstone to manufacture its products.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Certified manufacturing facilities and established presence in various countries with diversified customer base

The manufacturing facility of BMPL is ISO 9001/ ISO 14001/ OHSAS 18001 certified. Further, the company has overseas offices at Italy, UAE, China, Hong Kong, Vietnam and South Korea. Furthermore, it has established network of about 18 dealers spread Vietnam, China, Oman, New Zealand and Germany

Liquidity: Stretched

Liquidity remained stretched marked by GCA of Rs.4.08 crore during FY23 as against debt repayment of Rs.6.47 crore during FY24. Net cash flow from operations turned negative at Rs.10.83 crore as against positive Rs.27.69 crore owing to higher inventories and collection period. Cash and bank balance remained low at Rs.0.14 crore as on March 31, 2023, as against Rs.12.85 crore as on March 31, 2022. Operating cycle remained stretched at 241 days during FY23 as against 146 days in FY22.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

About the entity and industry
Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Commodities	Metals & Mining	Minerals & Mining	Industrial Minerals

Ajmer (Rajasthan) based BMPL was incorporated in 2010 by Ajmer based Goyal family. Initially, BMPL is engaged in manufacturing of quartz powder from its manufacturing facility located at Shrinagar (Ajmer) having installed capacity of 45600 Metric Tonnes Per Annum (MTPA). Subsequently, the company has completed its forward integration project for manufacturing of quartz slab/tiles in October 2017. It has installed capacity of 55.20 lakh Sq. Ft./Per Annum (SFPA) for manufacturing of quartz slab s/tiles. The company procures raw material majorly from Kishangarh (Rajasthan) and generates 100% revenue from export mainly to USA, Vietnam, China, Oman, New Zealand and Germany.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	148.33	108.50
PBILDT	30.84	9.61
PAT	17.28	1.07
Overall gearing (times)	1.70	1.81
Interest coverage (times)	6.96	2.17

A: Audited Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	-	0.00	Withdrawn
Fund-based - LT/ ST-CC/PC/Bill Discounting		-	-	-	0.00	Withdrawn
Fund-based - ST-Standby Line of Credit		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE B; Stable (12-Jul-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (20-Jan-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (02-Dec-21)	1)CARE BB-; Stable (08-Oct-20)
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	#LT/ST	-	-	1)CARE B; Stable / CARE A4 (12-Jul-23)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING * (20-Jan-23)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING * (02-Dec-21)	1)CARE BB-; Stable / CARE A4 (08-Oct-20)
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	1)CARE A4 (12-Jul-23)	1)CARE A4; ISSUER NOT COOPERATING * (20-Jan-23)	1)CARE A4; ISSUER NOT COOPERATING * (02-Dec-21)	1)CARE A4 (08-Oct-20)
4	Non-fund-based - ST-Letter of credit	ST	-	-	1)CARE A4 (12-Jul-23)	1)CARE A4; ISSUER NOT COOPERATING * (20-Jan-23)	1)CARE A4; ISSUER NOT COOPERATING * (02-Dec-21)	1)CARE A4 (08-Oct-20)

						(20-Jan-23)	(02-Dec-21)	
5	Fund-based - ST- Standby Line of Credit	ST	-	-	1)CARE A4 (12-Jul- 23)	1)CARE A4; ISSUER NOT COOPERATING * (20-Jan-23)	1)CARE A4; ISSUER NOT COOPERATING * (02-Dec-21)	1)CARE A4 (08-Oct- 20)

#Long term/short term.

*Issuer not cooperating, based on best available information.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
3	Fund-based - ST-Standby Line of Credit	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Limited has classified instruments rated by it on the basis of complexity. This classification is available at www.careedge.in. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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