

Bhushilp Mines and Minerals Private Limited

September 30, 2024

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|------------------|---------------------|---------------|
| Long Term Bank Facilities | 1.00 | CARE B+; Stable | Assigned |
| Short Term Bank Facilities | 4.00 | CARE A4 | Assigned |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Bhushilp Mines and Minerals Private Limited (BMMPL) are constrained on account of BMMPL's short track record and small scale of operations, competitive nature of industry, and regulations in mines and mineral industry. The ratings however derive strength from experienced management, improving profitability, satisfactory debt coverage indicators, and healthy orderbook position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above Rs.50 crore and PBILDT margin above 15% on sustained basis.

Negative factors

- Substantial decline in orderbook position with deterioration in scale of operations.
- Deterioration in leverage indicators along with liquidity of the company.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that the company will continue to benefit from the experience of the promoters.

Detailed description of key rating drivers:

Key weaknesses

Short track record and small scale of operations

BMMPL was incorporated in 2020 and commenced its operations in FY22 (Refers to the period April 01 to March 31). The company's scale of operations although improved, but remained modest, with TOI of ₹17.62 crore during FY24 as against ₹9.99 crore in FY23. Given its short track record, BMMPL's ability to sustain and ramp up its operations substantially will remain a key rating monitorable.

Competitive nature of industry

The business operations of the company are largely dependent on the number of tenders floated and the success rate of the company in getting those tenders. In addition, with the mining space becoming more competitive; bargaining power and price flexibility is limited.

Low net worth base

While BMMPL has moderate reliance on external borrowings, the net worth base remains low. As on March 31, net worth stood low at Rs.2.01 crore (Rs.0.88 crore as on March 31, 2023), limiting the company's financial flexibility.

Regulations in mines and mineral industry

The mining environment in India has been highly uncertain due to changes in government policies. The government lay out guidelines time to time to make the mining activities more efficient in a view to maximise the production as well as minimize the environmental hazards caused due to mining. Any adverse changes in the policy environment may impact BMMPL's operations negatively.

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

Key strengths

Experienced promoters

Both the directors, Mr. Venkata Narayana Bollina and Mr. Baliram Laxmandas Bajaj, bring over 25 years of expertise in the mines and mineral industry and look after the overall business management. Top management is also supported by an experienced management team.

Improving profitability

PBILDT margin of the company is improved to 7.81% in FY24 (FY23: 6.91%) while PAT margin improved to 6.41% in FY24 (FY23: 5.09%). Overall profitability may improve in the medium term if BMMPL is able to achieve the revenue growth as envisaged.

Satisfactory debt coverage indicators

The debt coverage indicators remained satisfactory marked by TDGCA of 1.38x for FY24 (P.Y. 0.18x). Interest coverage indicator of the company stood at 5.48x during FY24.

Healthy orderbook profile and long-term revenue visibility

The company has healthy order-book position of ~Rs.570 crores as on March 31, 2024, to be executed over next 8-10 years. The orders encompass a range of mining activities, including mine development operations, core drilling, manpower supply, machinery leasing, and trading services. Timely execution of these orders to achieve revenue growth as expected coupled with efficient working capital management is critical from credit rating perspective.

Liquidity: Adequate

Liquidity of the company remained adequate on account of nil repayment obligations during FY25. The company manages its working capital requirements by way of cash credit facility and bank guarantee having average utilization of ~25% and ~8% respectively for 6 months ending August 31, 2024. The company had cash and cash equivalent of Rs.0.78 crore as on March 31, 2024.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|-----------------|-------------------|---------------------|
| Commodities | Metals & Mining | Minerals & Mining | Industrial Minerals |

Incorporated in 2020, BMMPL primarily undertakes contractual mining and machine maintenance contracts for various public and private players all over India. Company's operations include all mining activities pertaining to land clearing, statutory approvals, public hearings, environment and forest clearance, DGMS approval, exploratory core drilling and mine development operations (MDO) activities. Further, company is also engaged in trading business which includes supply of HT motors and slurry pumps.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (UA) |
|----------------------------|--------------------|---------------------|
| Total operating income | 10.00 | 17.62 |
| PBILDT | 0.69 | 1.38 |
| PAT | 0.51 | 1.13 |
| Overall gearing (times) | 0.11 | 0.78 |
| Interest coverage (times) | 2,822.05 | 5.48 |

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook |
|-----------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Cash Credit | | - | - | - | 1.00 | CARE B+; Stable |
| Non-fund-based - ST-BG/LC | | - | - | - | 4.00 | CARE A4 |

Annexure-2: Rating history for 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 2024-2025 | 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 |
| 1 | Fund-based - LT-Cash Credit | LT | 1.00 | CARE B+; Stable | | | | |
| 2 | Non-fund-based - ST-BG/LC | ST | 4.00 | CARE A4 | | | | |

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|-----------------------------|------------------|
| 1 | Fund-based - LT-Cash Credit | Simple |
| 2 | Non-fund-based - ST-BG/LC | Simple |

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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