

Rocksand Minerals Private Limited

March 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE BBB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to Rocksand Minerals Private Limited (RMPL) derives strength from experienced promoters, reputed clientele base, moderate profitability position, comfortable capital structure, and moderate debt coverage indicators. However, these rating strengths are partially offset by moderate scale of operations and moderate working capital intensity. The rating is further constrained due to operations in competitive and fragmented industry, and cyclical nature of industry, and vulnerability to government regulations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in scale of operations while maintaining profitability.
- Improvement in overall gearing below 0.50x on a sustained basis.

Negative factors

- Deterioration in overall gearing above 1.00x on a sustained basis.
- Deterioration in total outside liabilities to tangible net worth (TOL/TNW) above 2.00x on a sustained basis.
- Deterioration in the operating cycle above 70 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook on the rating reflects CARE Ratings Limited's (CARE Ratings') expectation that RMPL will continue to benefit from its experienced and resourceful promoters, long track record and established customer base.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoters

The company has a strong operational track record spanning over two decades. RMPL is promoted by P. Purnachand, who is a qualified postgraduate and oversees the finance and overall management of the company. The other directors, P. Spandana and P. Anirudh, are also qualified postgraduates with over 10 years of experience in the industry, and they handle the operations and marketing aspects of the organisation.

Reputed clientele base

RMPL has long association with reputed players in the construction materials industry. The company has long-term contracts with some well-known clients, including Ultratech Cement Limited (rated 'CARE AAA; Stable/ CARE A1+') and Nuvoco Vistas Corporation Limited, that helps to ensure steady business and future growth. The customer profile is moderately concentrated with top five customers accounting for ~45% of total operating income (TOI).

Moderate profitability position

RMPL's operating profitability has shown stability, with PBILDT margin ranging between 8% and 11% in the last three years, ending FY24 (refers to period April 1 to March 31). In FY24, the PBILDT margin improved to 10.84% compared to 8.42% in FY23, reflecting a year-on-year improvement of 242 basis points led by lower material costs. The profit after tax (PAT) margin also remained steady at 3.94% in FY24, slightly higher than 3.89% in FY23, benefiting from low interest and depreciation costs.

Comfortable capital structure and moderate debt coverage indicators

RMPL's capital structure improved marked by overall gearing of 0.82x as on March 31, 2024, compared to 0.85x as on March 31, 2025, with a net worth base of ₹48.37 crore.

Debt coverage indicators also remained moderate marked by total debt to gross cash accruals (TDGCA) of 2.67x (PY: 2.88x) as on March 31, 2024. Interest coverage indicator (PBILDT/ interest) remained strong at 6.15x (PY: 8.10x) as on March 31, 2024.

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

Key weaknesses

Moderate scale of operations

Despite long track record, RMPL's TOI has remained fluctuating and moderate in the past. TOI was observed at ₹190.47 crore in FY24 compared to ₹203.15 crore in FY23. The company also reported a TOI of ₹91.34 crore in H1FY25 (refers to period April 1 to September 30). CARE Ratings expects the revenue to improve moderately over the medium term supported by strong clientele base and experienced promoters.

Moderate working capital intensity

RMPL's operations remained working capital intensive, with operating cycle increasing to 50 days in FY24, compared to 30 days in FY23, primarily due to a longer collection period. RMPL offers credit period of 80 to 120 days to its customers, contributing to a higher collection period of 114 days in FY24, compared to 87 days in FY23. The company maintains an inventory of three to six days' worth of stock, stored at its quarries or warehouses, to cater regular demands from its customers. The vehicle dealers of excavators and transport vehicles, that the company outsources, are the primary creditors of the company who typically offer a credit period of 50-60 days.

Operations in competitive and fragmented industry

RMPL operates in the sand manufacturing industry, which majorly finds its application in real estate industry which is highly fragmented with presence of numerous independent large-scale companies owing to low entry barriers leading to high level of competition. However, the demand from other industries, corporate customers, and demand from retail segment shall continue to remain in the long-term which will lead to the company's growth.

Industry cyclical and vulnerability to government regulations

The company's business depends on the growth in construction activities, particularly the real estate segment, which is inherently vulnerable to economic cycles, industrial growth, and regulatory changes. Hence, the challenges associated with the cyclical nature of real estate and construction industry would have a bearing on the business.

CARE Ratings observes, any changes in government policy with respect to minor mineral leasing or revision in royalty will have impact on the business.

Liquidity: Adequate

Company has adequate liquidity cushion marked by expected GCA of ₹14-16 crore against annual principal repayment of ₹9-10 crore. Net cashflow from operations stood at ₹6.55 crore in FY24 (negative ₹1.03 crore in FY23). Average fund-based working capital utilisation for 12 months ending November 30, 2024, stood at 85.57%.

Current and quick ratio of the company stood at 1.26x (PY: 1.14x) and 1.23x (PY: 1.12x), respectively, as on March 31, 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Issuer Rating](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Other construction materials	Other construction materials

Incorporated in 2002 by P. Purnachand & family, RMPL is engaged in manufacturing Rocksand, also termed as 'M-sand' or 'manufactured sand' into sizes such as 20 mm, 30 mm, or 40 mm, which is created by crushing rock boulders. RMPL currently owns 62.38 hectares of leasing land with minimum of next 16 years of contract and 10 crushers across Telangana, with annual production capacity of 1.75 crore tonnes.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1 FY25 (UA)
Total operating income	203.15	190.47	91.34
PBILDT	17.11	20.64	20.64
PAT	7.91	7.50	3.54
Overall gearing (times)	0.85	0.82	NA
Interest coverage (times)	8.10	6.15	9.38

A: Audited UA: Unaudited; NA: Not available; 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
Issuer rating-Issuer ratings		-	-	-	0.00	CARE BBB-; Stable

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	Issuer rating-Issuer ratings	LT	0.00	CARE BBB-; Stable	-	-	-	-

LT: Long term

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

Annexure-4: Complexity level of instruments rated: Not applicable

Annexure-5: Lender details

To view 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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