



Press Release

BS Mining Corporation Private Limited

July 1, 2024

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	71.46 (reduced from 76.50)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	IVR BB+/ Stable (IVR double B plus with Stable outlook)	Upgraded/ Assigned	Simple
Short Term Bank Facilities	8.50 (enhanced from 3.50)	IVR A3 (IVR A three)	IVR A4+ (IVR A four plus)	Upgraded/ Assigned	Simple
Total	79.96 (Seventy-nine crore and ninety-six lakhs 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 has upgraded the ratings assigned to the existing bank facilities and assigned ratings to the enhanced bank facilities of BS Mining Corporation Private Limited (BSMCPL) on the back of strength from steady increase in topline and profit in FY2023 (refers to period April 1, 2022, to March 31, 2023) and FY2024 (prov) (refers to period April 1, 2023, to March 31, 2024), adequate capital structure and coverage indicators and healthy order book position. Further, the rating continues to derive strength from long track record of operations and experienced management. However, the ratings are constrained on account of the company's exposure to client and geographical concentration risk, intense competition and tender driven nature of business, and susceptibility to heightened regulatory risks.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in debt protection metrics, cash accruals and liquidity on a sustained basis.
- Improvement in receivable management.
- Sustenance of the capital structure.



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Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis.
- Deterioration in receivable position impacting the liquidity.
- Moderation in the capital structure.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Steady increase in topline and profit in FY2023 and FY2024 (provisional)**

The company's topline and profit has increased in FY23 and FY24 (provisional), on the back of smooth execution of orders. In FY23, TOI was Rs. 236.98 crore in FY23 and Rs. 272.37 crore in FY24 (prov) which was up 27.81% and 14.94% y-o-y. Consequently, EBITDA increased to Rs. 37.27 crore in FY23 and to Rs. 45.61 crore in FY24 (provisional), up 18.64% and 22.3% y-o-y. Further, EBITDA margin improved from 15.73% in FY23 to 16.74% in FY24 (prov) and PAT margin increased to 6.58% in FY24 (prov) as compared to 5.94% in FY23. Going forward, Infomerics expects an increase in the company's topline and profit given a healthy order book position.

- **Adequate capital structure and coverage indicators**

The tangible net worth of the company was Rs.77.01 crore as on March 31, 2024 (Provisional) improved from Rs.58.82 crore as on March 31, 2023, due to retention of profits. The total debt of BSMCL is Rs.95.05 crore as on March 31, 2024 (provisional), as compared to Rs. 102.23 in FY23. The decrease in total debt was due to decline in unsecured loans and term loan. The company had a gearing of 1.23 times as on March 31, 2024 (provisional) as against 1.74 times as on March 31, 2023. The total outside liabilities to total net worth (TOL/TNW) has stood to 1.41 times as on March 31, 2024 (provisional). Further, the debt coverage indicators as depicted by ISCR stood satisfactory at 4.48x in FY24 (provisional) compared with 3.36x in FY23 and DSCR was 1.17 times in FY24 (provisional) compared with 0.87 in FY23. Total Debt/ EBITDA stood at 2.08 times as on March 31, 2024 (provisional) (2.74 times as on March 31, 2023).

- **Healthy order book position**



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BSMCPL is having work order in hand of Rs. 678.00 crore as on March 31, 2024, translating to ~2.86 times FY2024 (prov) total operating income, which provides near-term revenue visibility. The Company has a satisfactory contract completion track record and there has not been any instance of invocation of performance bank guarantee or payment of liquidated damages. Infomerics notes that the company's ability for successful execution of the current healthy order book in due time will remain a key rating factor, going ahead.

- **Experienced management and long track record of operation**

The promoters, Mr. Sarat Chandra Nayak and Mrs. Parbati Nayak of BSMCPL have been into the contract mining business since 1994 and have developed long standing relationships with several reputed companies. The company counts Tata Steel, Kalinga Commercial Corporation Limited and Odisha Mining Corporation to name a few as its clients.

Key Rating Weaknesses

- **Exposure to client and geographical concentration risk**

BSMCPL's top four clients namely Tata steel Ltd, Rungta Sons Pvt Ltd, Tata Steel Long and Kanlinga Commercial Corporation Ltd contributing 59% of the total sales of the company in FY2024 (provisional) which gives rise to client concentration risks. However, it has a healthy share of business for these clients and long-term relationship mitigates the concentration risk to an extent. The company is primarily actively working on projects in the state of Odisha and Jharkhand thus is exposed to high geographical concentration risk.

- **Intense competition and tender driven nature of the business**

Since BSMCPL is also into civil construction work, it faces intense competition from several mid to large size players who operate in these business segments. The risk becomes more pronounced as tendering is based on the minimum amount of bidding on contracts, and susceptibility to inherent cyclicalities in the construction sector. The relaxation of qualification norms by the Central Government for undertaking road projects further intensifies the competitive scenario in the industry leading to pressure on the profitability margins. At the same time, the company wins its mining contracts from companies on tender basis. Going forward, the company's ability to successfully bid for a greater number of large orders remains to be seen.



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- **Susceptibility to heightened regulatory risks**

In the past, the mining industry has witnessed scams and irregularities (including illegal mining, over-mining, encroachment of forest areas, and underpayment of government royalties, and conflicts with the tribal population regarding land rights) in ore-rich states, especially Karnataka, Goa, and Odisha. This led the Hon'ble Supreme Court to impose a ban on mining. Furthermore, there are local agitations and issues in obtaining approvals in regions where mining is operational. Therefore, any major regulatory changes may impact the business operations of the company.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Services entities](#)

[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 position of the company is expected to remain adequate in the near to medium term with sufficient accruals and to meet the term debt repayment in the period FY25-FY27. The average fund-based utilisation for the past twelve months ended April 2024 was ~88% indicating a moderate cushion.

About the Company

Odisha based BS Mining Corporation Private Limited (BSMCPL) was established in the year of 1994 as proprietorship firm which was later incorporated as a private limited company in the year of 2008. BSMCPL is promoted by Mr. Sarat Chandra Nayak and Mrs. Parbati Nayak. The company is engaged in undertaking contracts for mining/extraction of iron ore & manganese, civil construction work and providing transportation services. The company provides comprehensive solutions in contractual mining through planning, management, production, processing, and dispatch of core minerals. Along with the extraction, company



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deals in logistics and civil construction. Civil construction services include civil and road construction, multi-utility public buildings and facilities and real estate.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	236.98	272.37
EBITDA	37.27	45.61
PAT	14.20	17.94
Total Debt	102.23	95.05
Tangible Net Worth	58.82	77.01
EBITDA Margin (%)	15.73	16.74
PAT Margin (%)	5.94	6.58
Overall Gearing Ratio (x)	1.74	1.23
Interest Coverage (x)	3.36	4.48

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: As per PR dated December 08, 2023, Crisil rating have moved the ratings in non-cooperating category due to non-cooperation from the client.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					May 10, 2023	August 10, 2022	-
1.	Term Loans	Long Term	49.96	IVR BBB-/Stable	IVR BB+/Stable	IVR BB-/Stable	-
2.	Cash Credit	Long Term	21.50	IVR BBB-/Stable	IVR BB+/Stable	IVR BB-/Stable	-
3.	Bank Guarantee	Short Term	8.50	IVR A3	IVR A4+	IVR A4	-



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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
Vehicle Loan 1	-	-	-	September 2025	1.34	IVR BBB-/ Stable
Vehicle Loan 2	-	-	-	March 2028	2.40	IVR BBB-/ Stable
Vehicle Loan 3	-	-	-	March 2028	14.73	IVR BBB-/ Stable
Vehicle Loan 4	-	-	-	December 2026	4.03	IVR BBB-/ Stable
Vehicle Loan 5	-	-	-	March 2025	0.12	IVR BBB-/ Stable
Vehicle Loan 6	-	-	-	December 2027	4.16	IVR BBB-/ Stable
Vehicle Loan 7	-	-	-	December 2027	11.99	IVR BBB-/ Stable
Vehicle Loan 8	-	-	-	September 2025	5.07	IVR BBB-/ Stable
Vehicle Loan 9	-	-	-	September 2025	4.65	IVR BBB-/ Stable
Vehicle Loan 10	-	-	-	April 2028	1.47	IVR BBB-/ Stable
Cash Credit	-	-	-	-	21.50	IVR BBB-/ Stable
Bank Guarantee 1	-	-	-	-	5.00	IVR A3
Bank Guarantee 2	-	-	-	-	3.50	IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-BSMining-july24.pdf>



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

Name of the Security		Detailed Explanation
	Financial Covenant	
	i.	
	ii.	
	Non-financial Covenant	
	i.	
	ii.	

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

Name of the company/Entity	Consolidation/Combined Approach

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.