

Press Release
BILASPUR MINING INDUSTRIES PRIVATE LIMITED
February 04, 2022
Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	46.00	ACUITE A- Stable Upgraded	-
Bank Loan Ratings	2.00	-	ACUITE A1 Upgraded
Total Outstanding Quantum (Rs. Cr)	48.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded the long-term rating to 'ACUITE A-' (read as ACUITE A minus) from 'ACUITE BBB+' (read as ACUITE triple B plus) and the short-term rating to 'ACUITE A1' (read as ACUITE A One) from 'ACUITE A2+' (read as ACUITE A two plus) on the Rs. 48.00 Crore bank facilities of Bilaspur Mining Industries Private Limited. The outlook is 'Stable'.

Reason For Rating Upgrade

The rating upgrade is on account of healthy growth in revenues in the current year and improving profitability margins as a result of enhancement of capacity and its stabilization. The rating continues to factors in the established and long track record of operations of the group with extensive experience of the promoters in the Plastic Packaging industry and strong long term relationships with its customers and suppliers, healthy financial risk profile, comfortable working capital management and strong liquidity position of the group.

The group has seen increment of 20% in revenue in FY 2021 and the revenue is expected to grow gradually year on year going forward in the medium term on account of stability of operations in the capacity added and better capacity utilization. The group has improved its profitability margins on the back of enhanced degree of automation in the new machineries added and the growth in export sales wherein the group earns additional 1-2% of margins as compared to domestic sales. Acuite believes that the strong relationship of promoters with customers and suppliers and the harmony created thereof will help the group to maintain this increment in margins in the medium term.

About Company

Chhattisgarh based Bilaspur Mining Industries Private Limited (BMIPL) was incorporated in 1997 by Mr. Jai Prakash Agarwal and Mr. Malay Kumar Dutta. The company earlier used to manufacture special purpose machinery mainly used in mining industry. The company current engaged into manufacturing of PP Woven Sacks, Block Bottom Sacks, and BOPP Sacks with an installed capacity of 12000 MTPA.

About the Group

Bilaspur Mining group is promoted by Mr. Jai Prakash Agarwal, Mr. Pranav Prakash Agarwal, Mr. Satya Prakash Agarwal and Mr. Malay Kumar Dutta in 1997. The group consists of 2 companies, namely Bilaspur Mining Industries Pvt. Ltd, and JK Sons Engineers Pvt. Ltd. The group is one of the largest manufactures of PP Woven Sacks, Block Bottom Sacks, BOPP Sacks since 2008 situated in Bilaspur, Chhattisgarh having combined production capacity of 27000

MTPA. The group supplies the bags to various industries like Cement, White Cement, Putty, Fertilizers, Chemicals, Rice & many more. The group earlier also used to manufacture special purpose machinery mainly used in mining industry.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered consolidated business and financial risk profiles of Bilaspur Mining Industries Private Limited (BMIPL) and J K Sons Engineers Private Limited (JKSEPL), hereafter referred to as 'Bilaspur Group'. The consolidation is mainly on account of similarity in the line of business, operational synergies and common management.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

Bilaspur Mining Group is promoted by Mr. Jai Prakash Agarwal, Mr. Pranav Prakash Agarwal, Mr. Satya Prakash Agarwal, and Mr. Malay Kumar Dutta. The promoters possess experience of more than two decades in the said line of business. The promoters' extensive industry experience has enabled the group to establish long-term relations with the customers and suppliers. Acuité believes that the promoters' entrepreneurial experience and healthy relationship with customers and suppliers will support its business risk profile over the medium term.

Improvement in Profitability

In FY2021 the revenue have increased by 13.90 % and stood at Rs.295.23 Crore in FY2021 (Audited) as against Rs.259.19 Crore in FY2020. This is mainly due to huge demand of product during the year. The EBITDA Margins improved to 11.66 percent for FY2021 (Audited) as against 8.16 percent in FY2020. The PAT margin improved to 4.92 percent in FY2021 (Audited) from 1.36 percent in FY2020. In FY2021, Company undertook capital expenditure to enhance the capacity and quality improvement of the product. It also includes automation of the whole production process. Currently the group have a total installed capacity of 27000 MTPA and out of which 23000 MTPA Capacity is installed under fully automated machines. The rest of the machineries which have a total installed capacity of 4000 MTPA is operated manually. Company earns high margins on products which are produced through automated machines as the quality of the product is better and the cost of production is low.

Healthy Financial Risk Profile

Bilaspur Mining Group has strong financial risk profile marked by high net worth, low gearing and strong coverage indicators. The tangible net worth stood at Rs. 80.30 crore as on 31 March, 2021 (Audited) as against Rs. 62.29 crore as on 31 March, 2020. The net worth as on March 31, 2021 (Audited) includes unsecured loan of Rs.20.60 crore as on 31 March, 2021 (Audited), which is considered as quasi equity. The debt to equity ratio improved and stood at 0.75 times as on 31 March, 2021 (Audited) as against 0.82 times as on 31 March, 2020. The debt of Rs.59.85 crore consists of term loan of Rs.51.12 Crore and rest of the amount as working capital borrowing. The Interest Coverage Ratio (ICR) improved to 5.43 times for FY 2021 (Audited) as against 3.21 times in FY2020. The Debt Service Coverage Ratio (DSCR) improved to 2.65 times in FY2021 (Audited) as against 1.48 times in FY2020. Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved to 1.26 times as on March 31, 2021 (Audited) as against 1.39 times as on 31 March, 2020 mainly on account of high net worth. Further, the group has net cash accruals of Rs. 26.73 crore in FY2021 (Audited).

Comfortable working capital management

The working capital management of the group is comfortable in FY2021 (Audited) marked by Gross Current Assets (GCA) of 101 days in FY2021 (Audited) as against 107 days in FY2020. The

inventory and debtor levels stood at 43 days and 50 days in FY2021 (Audited) as against 47 and 49 days in FY2020, respectively. The creditor days stood at 23 days in FY2021 (Audited) as against 18 days in FY2020. As a result, the average utilization of bank limits stood low at ~60 per cent in the last twelve months ending December, 2021. Acuité believes that the working capital requirements will continue to remain comfortable over the medium term on account of its moderate level of debtors and inventory days.

Weaknesses

Competitive and fragmented nature of operations

The group is operating in competitive and fragmented nature of industry. There are several players engaged in the Plastic Packaging industry in organized and unorganized sector. Hence, the group might face pricing pressure from other competitors. Therefore, having an established brand name is of utmost importance in this industry along with continuous addition of value added products in the product offerings.

Customer Concentration Risk

The company has customer concentration risk as 40% of the total revenue of the company comes from top 5 customers. Any change in the business dealings by these customer can have significant impact on the topline of the company. However the risk is mitigated by the long term business relationship with the customers.

Rating Sensitivities

- Further improvement in operating income and profitability will lead to strong financial risk profile.
- Enhancement in production capacity from 21000 MTPA to 27000 MTPA.

Material Covenants

None.

Liquidity Position

Strong

The group has strong liquidity marked by sufficient net cash accruals to its maturing debt obligations. In FY2021 (Audited), the group have generated net cash accruals of Rs.26.73 crore as against the CPLTD of Rs. 12.57 crore for the same period. The cash accruals of the group are estimated to remain in the range of around Rs.32.00 Crore to Rs.38.00 Crore during FY2022-24 against CPLTD of not more than Rs.12.00 Crore each year. Group's working capital operations are comfortable marked by gross current asset (GCA) days of 101 days in FY2021 (Audited). As a result the average utilization of bank limits stood moderate at ~60 per cent in the last twelve months ending December, 2021. Company maintains unencumbered cash and bank balances of Rs.1.18 Crore as on 31 March 2021 (Audited). The current ratio stands at 1.55 times as on 31 March 2021 (Audited).

Outlook:

Acuité believes that Bilaspur Mining Group will maintain a 'Stable' business risk profile over the medium term. The group will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the group registers healthy growth in revenues, while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the group's revenues or profit margins, or in case of deterioration in the group's financial risk profile and liquidity position.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	295.23	259.19
PAT	Rs. Cr.	14.52	3.52
PAT Margin	(%)	4.92	1.36
Total Debt/Tangible Net Worth	Times	0.75	0.82
PBDIT/Interest	Times	5.43	3.21

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any Other Information

Not Applicable.

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

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Aug 2021	Term Loan	Long Term	11.12	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Proposed Bank Facility	Long Term	4.05	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Working Capital Demand Loan	Long Term	5.80	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Letter of Credit	Short Term	2.00	ACUITE A2+ (Upgraded from ACUITE A4+)
	Term Loan	Long Term	1.13	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Cash Credit	Long Term	18.00	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	1.72	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	2.22	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Working Capital Demand Loan	Long Term	1.80	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	0.16	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
18 Feb 2021	Letter of Credit	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	1.03	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Long Term	14.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Cash Credit	Long Term	3.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	2.05	ACUITE BB (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	0.59	ACUITE BB (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	18.53	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	6.80	ACUITE BB (Downgraded and Issuer not co-operating*)
17 Dec 2019	Term Loan	Long Term	18.53	ACUITE BB+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	1.03	ACUITE A4+ (Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Term Loan	Long Term	0.59	ACUITE BB+ (Issuer not co-operating*)
	Proposed Cash Credit	Long Term	3.00	ACUITE BB+ (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	6.80	ACUITE BB+ (Issuer not co-operating*)
		Long		

	Cash Credit	Term	14.00	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	2.05	ACUITE BB+ (Issuer not co-operating*)
17 Apr 2019	Term Loan	Long Term	0.59	ACUITE BBB+ (Issuer not co-operating*)
	Term Loan	Long Term	18.53	ACUITE BBB+ (Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	1.03	ACUITE A2+ (Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A2+ (Issuer not co-operating*)
	Cash Credit	Long Term	14.00	ACUITE BBB+ (Issuer not co-operating*)
	Term Loan	Long Term	2.05	ACUITE BBB+ (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	6.80	ACUITE BBB+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A2+ (Issuer not co-operating*)
	Proposed Cash Credit	Long Term	3.00	ACUITE BBB+ (Issuer not co-operating*)
07 Feb 2018	Term Loan	Long Term	18.53	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	2.05	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	0.59	ACUITE BBB+ Stable (Assigned)
	Bank Guarantee	Short Term	1.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	1.00	ACUITE A2+ (Assigned)
	Proposed Cash Credit	Long Term	3.00	ACUITE BBB+ Stable (Assigned)
	Proposed Bank Facility	Long Term	6.80	ACUITE BBB+ Stable (Assigned)
	Proposed Bank Guarantee	Short Term	1.03	ACUITE A2+ (Assigned)
	Cash Credit	Long Term	14.00	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	18.00	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A1 Upgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.05	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Term Loan	30-04-2018	9.50	31-03-2025	2.22	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Term Loan	31-07-2020	9.50	30-06-2027	1.72	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Term Loan	30-09-2015	9.50	31-05-2026	11.12	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Term Loan	31-10-2017	9.50	31-05-2025	1.13	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Term Loan	31-01-2017	9.50	30-09-2022	0.16	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Working Capital Demand Loan (WCDL)	Not available	Not available	Not available	1.80	ACUITE A- Stable Upgraded
State Bank of India	Not Applicable	Working Capital Demand Loan (WCDL)	Not available	Not available	Not available	5.80	ACUITE A- Stable Upgraded

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in
Shreyansh Singh Management Trainee-Rating Operations Tel: 022-49294065 shreyansh.singh@acuite.in	

About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 8,850 credit 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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.