



Press Release
BILASPUR MINING INDUSTRIES PRIVATE LIMITED
June 24, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	83.13	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	3.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	86.13	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and the short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 86.13 Cr. bank facilities of Bilaspur Mining Industries Private Limited (BMITPL). The outlook remains '**Stable**'.

Rationale for reaffirmation :

The rating reaffirmation considers the group's experienced management and established track record of operations for over two decades in the plastic packaging industry. A business risk profile is backed by a stable scale of operations and a moderate financial risk profile. Company is estimated to register the revenue of Rs.453.86 Cr. in FY24(E) as against Rs.422.71 Cr. in FY23 registering the growth rate of 7 percent year on year. Further, the company is estimated to register moderate improvement in operating profit margins to ~9.20 percent in FY2024E, from 8.00 percent in FY2023 and 8.57 percent in FY2022. The financial risk profile of the company continues to remain moderate, with moderate debt protection metrics and low gearing levels.

The rating, however, remains constrained on account of the competitive and fragmented nature of the industry.

About the Company

Kolkata based, Incorporated in 1997, Bilaspur Mining Industries Private Limited (BMITPL) is headed by Mr. Jai Prakash Agarwal and Mr. Malay Kumar Dutta. The company is engaged into the manufacturing of PP Woven Sacks, Block Bottom Sacks, BOPP Sacks with an installed capacity of 25000 MTPA. Earlier the company used to manufacture special purpose machinery mainly used in the mining industry.

About the Group

Kolkata based, J K Sons Engineers Private Limited (JKSEPL) was incorporated in the year 1996 and is currently promoted by Mr. Jai Prakash Agarwal, Mr. Malay Kumar Dutta and Mr. Satya Prakash Agarwal. The company manufactures PP Woven Sacks, Block Bottom Sacks and BOPP Sacks with an installed capacity of 16000 MTPA.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

For arriving at this rating, Acuité has consolidated the business and financial risk profiles of Bilaspur Mining Industries Private Limited (BMIPL) and J K Sons Engineers Private Limited (JKSEPL), together referred to as 'Bilaspur Group' (BG). The consolidation is in the view of common management, operational linkages between the entities and a similar line of business.

Key Rating Drivers

Strengths

- **Experienced management**

The group has established a strong presence for over two decades in the plastic packaging industry. The operations of the group are aided by the extensive experience of more than two decades of Mr. Jai Prakash Agarwal, Mr. Pranav Prakash Agarwal, Mr. Satya Prakash Agarwal, and Mr. Malay Kumar Dutta, thereby assisting in the development of long-term, healthy relationships with the clientele. The strong clientele base has aided the group in achieving a stable scale of operations. Acuité believes that the promoters' entrepreneurial experience and healthy relationships with customers and suppliers will support its business risk profile over the medium term.

- **Stable scale of operations**

The revenue of the group stood stable since last two years ending FY2023. It stood at Rs.442.71 Cr. in FY2023, registering a growth of ~1.20 percent compared to revenue of Rs.437.47 Cr. in FY2022. Further, it is estimated to achieve a revenue of Rs. 453.86 Cr. in FY2024, and the operating profit margins are estimated to be in the range of 9.10– 9.20 percent. Acuité believes that going forward, the scale of operations of the group will continue to remain healthy owing to the enhanced capacity and the strong demand from the user industries.

- **Moderate financial risk profile**

The financial risk profile of the group has remained moderate, with a healthy net worth, low gearing, and moderate debt protection metrics. The net worth of the group stood at Rs.104.15 Cr. and Rs.90.69 Cr. as on March 31, 2023, and 2022, respectively. The net worth has improved due to the accumulation of profits to reserves. The gearing of the group stood at 0.84 times as on March 31, 2023, against 0.97 times as on March 31, 2022. The estimated gearing for FY24 is around 0.84 times. Debt protection metrics of interest coverage ratio and debt service coverage ratio stood at 3.52 times and 1.31 times as on March 31, 2023, respectively as against 4.05 times and 1.59 times as on March 31, 2022, respectively. The estimated ICR and DSCR for FY24 is around 3.62 times and 1.34 times. TOI/TNW stood at 1.24 times as on March 31, 2023, as opposed to 1.26 times as on March 31, 2022, the same is estimated to be around 1.09 times as on March 31st 2024.. The debt to EBITDA of the group stood at 2.44 times as on March 31, 2023, as against 2.33 times as on March 31, 2022 and estimated to be around 2.27 times as on March 31st 2024.

Further, the group will be undertaking an expansion plan in FY2025 to enhance the production capacity for the new product, Jambo bags. The project is partly debt-funded, for which the group has availed a term loan of Rs.8.14 Cr. in Q1FY2025. Group has completed the installation of machinery and Commercial operations are expected to begin from Q2 of FY2025. Acuite believes the financial risk profile of the group's will continue to remain moderate despite the debt laden capex in FY25 and no further

debt-funded capex plan over the medium term.

- **Efficient working Capital operations**

The group's working capital cycle is efficient, as marked by its efficient Gross Current Asset (GCA) days, which increased to 91 days in 2023, from 87 days in FY2022. The low GCA days are on account of the comfortable inventory period, which stood at 33 days in FY 2023 as compared to 31 days in FY 2022. The debtor days stood at 57 days for FY2023 as against 50 days for FY2022. Further, the creditor days stood at 14 days in FY2023, as opposed to 20 days in FY2022, respectively. The average bank limit utilization of the fund-based working capital limits stood at 46 percent for six months ended March 2024. Acuité believes the working capital operations of the group are expected to remain at similar levels over the medium term owing to the comfortable inventory level and efficient collection mechanism.

Weaknesses

- **Competitive and fragmented nature of the industry**

The group is operating in a competitive and fragmented industry. There are several players engaged in the Plastic Packaging industry in the 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.

Rating Sensitivities

- Sharp revenue growth
- Improvement in the profitability margins
- Sustenance of the capital structure
- Any deterioration in working capital cycle leading to stretch in liquidity
- Any deterioration in Revenue profile and leverage position

Liquidity Position: Adequate

The group's liquidity is adequate, with adequate NCAs for its repayment obligations. Group generated cash accruals of Rs.23.63 Cr. during FY2023, while its maturing debt obligations Rs.15.56 Cr. during the same period. The cash accruals of the group are estimated to remain around Rs.27-32 Cr. during FY2024-25 while their repayment obligations are estimated to be around Rs.17.43-18.12 Cr. during the same period. The average fund-based working capital utilization stood at 46 percent for the six months ended March 2024. The company has maintained unencumbered cash and bank balances Rs.0.37 Cr. and the current ratio stood at 1.30 times as on March 31, 2023. Acuité expects that the liquidity of the group is likely to be adequate over the medium term on account of adequate cash accruals to its maturing debt obligations.

Outlook: Stable

Acuité believes that the outlook of the group will remain 'Stable' over the medium term on account of the long track record of operations, experienced management, the stable scale of operations and the moderate financial risk profile. The outlook may be revised to 'Positive' in case of higher than expected growth in revenue while achieving stability in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile or deterioration in the liquidity position.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	442.71	437.47
PAT	Rs. Cr.	7.77	9.62
PAT Margin	(%)	1.76	2.20
Total Debt/Tangible Net Worth	Times	0.84	0.97
PBDIT/Interest	Times	3.52	4.05

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

Not applicable

Any Other Information

None

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

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Mar 2023	Cash Credit	Long Term	30.47	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	4.53	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	7.23	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Proposed Long Term Bank Facility	Long Term	1.54	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	1.38	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Covid Emergency Line.	Long Term	2.71	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	0.65	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	1.02	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	0.80	ACUITE BBB+ Stable (Assigned)
	Covid Emergency Line.	Long Term	2.90	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	28.40	ACUITE BBB+ Stable (Assigned)
	Stand By Line of Credit	Long Term	1.50	ACUITE BBB+ Stable (Assigned)
	Letter of Credit	Short Term	3.00	ACUITE A2 (Downgraded from ACUITE A1)
04 Feb 2022	Letter of Credit	Short Term	2.00	ACUITE A1 (Upgraded from ACUITE A2+)
	Term Loan	Long Term	1.72	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	2.22	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Working Capital Demand Loan (WCDL)	Long Term	5.80	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Working Capital Demand Loan (WCDL)	Long Term	1.80	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Proposed Long Term Bank Facility	Long Term	4.05	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	0.16	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	1.13	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	11.12	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	18.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Letter of Credit	Short Term	2.00	ACUITE A2+ (Upgraded from ACUITE A4+)
	Working Capital Demand Loan (WCDL)	Long Term	5.80	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Working Capital Demand Loan (WCDL)	Long Term	1.80	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
		Long		ACUITE BBB+ Stable (Upgraded from

20 Aug 2021	Term Loan	Term	1.72	ACUITE BB)
	Term Loan	Long Term	2.22	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	0.16	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	1.13	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	11.12	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Proposed Long Term Bank Facility	Long Term	4.05	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
	Cash Credit	Long Term	18.00	ACUITE BBB+ Stable (Upgraded from ACUITE BB)
18 Feb 2021	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	1.03	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	14.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	6.80	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Proposed Cash Credit	Long Term	3.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	18.53	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	2.05	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	0.59	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	41.00	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2024	Simple	0.60	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2024	Simple	2.44	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE A2 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.23	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.50	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2030	Simple	8.13	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	Simple	1.06	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2025	Simple	4.56	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	Simple	14.53	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2025	Simple	0.33	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2027	Simple	0.75	ACUITE BBB+ Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No.	Company Name
1	Bilaspur Mining Industries Private Limited

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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.

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