

## Press Release

### Galaxy Mining Private Limited

November 06, 2020

#### Rating Reaffirmed



<b>Total Bank Facilities Rated*</b>	Rs. 28.50 Cr.
<b>Long Term Rating</b>	ACUITE BB /Stable (Reaffirmed)
<b>Short Term Rating</b>	ACUITE A4+ (Reaffirmed)

\* Refer Annexure for details

#### Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 28.50 crore bank facilities of Galaxy Mining Private Limited (GMRPL). The outlook is '**Stable**'.

Rajasthan-based, Galaxy Mining Private Limited (GMPL) was incorporated in May-2019 as a private limited company which is engaged in the business of collection of royalty from mining sites and toll collection business.

Galaxy Mining & Royalties Private Limited (GMRPL) was established in 2016 as a partnership firm by Mr. Deependra Singh Rathore and Mrs. Sashi Singh Rathore. Later in 2019, the firm changes its constituency from a partnership firm to a private limited company. The company is engaged in the collection of royalties at precious stones and gypsum mining sites on behalf of the government. The company is a class 'AA' contractor registered with the mining and geology department of the government of India.

Goldcorp Global Mining Private Limited (GGMPL) was incorporated in January 2019 as a private limited company. The company started its operation in September-2019. The company is engaged in the business of mining and stone crushing. Company is supplying different type of stone and minerals to L&T.

#### About the Group

Galaxy mining group was established in 2016 by Mr. Deependra Singh Rathore and Mrs. Sashi Singh Rathore. The group currently consist of 3 companies namely Galaxy Mining & Royalties Private Limited (GMRPL), Galaxy Mining Private Limited (GMPL) and Goldcorp Global Mining Private Limited (GGMPL). The group is mainly engaged in the business of stone mining, toll collection and collection of royalties at precious stones and gypsum mining sites on behalf of the government.

#### Analytical Approach

Acuité has consolidated the business and financial risk profiles of Galaxy Mining & Royalties Private Limited (GMRPL), Galaxy Mining Private Limited (GMPL) and Goldcorp Global Mining Private Limited (GGMPL) together known as Galaxy Mining Group, to arrive at this rating. The consolidation is on account of common management, similar line of business, and operational linkages. Extent of consolidation: Full.

#### Key Rating Drivers

##### Strengths

- **Healthy financial risk profile**

The company's financial risk profile has remained healthy marked by moderate net worth, moderate gearing and strong debt protection metrics. The tangible net worth of the company is moderate and stood at Rs.36.07 Crore as on 31 March 2020 (Provisional) as against Rs.19.76 Crore as on 31 March 2019. The net worth levels have seen significant improvement over the last three years through FY2020 on account of

healthy accretion to reserves during the same period and infusion of unsecured loans by the promoters in business with a total of Rs. 16.01 Cr. resulting in the improvement of gearing level to 1.18 times as on March 2020 (Provisional) as against 1.41 times as on March 2019. The total debt outstanding of Rs.42.62 Crore as on 31 March 2020 (Provisional) consists of long term debt of Rs.16.48 Crore, unsecured loan of Rs.1.34 crore and working capital borrowings of Rs.24.81 Crore.

The cash accruals over the next three years through 2021 are estimated to remain in the range of Rs.5.45 to Rs.7.83 Crores against repayment obligations of Rs.3.20 Crore each year for the same period. As a result, the gearing is expected to improve in the near term. The coverage indicators stood healthy, marked by interest coverage ratio (ICR) of 2.59 times in FY2020 (Provisional) as against 2.46 times in FY2019. The increase in ICR is majorly on account of a significant increase in EBITDA levels. NCA/TD (Net Cash Accruals to Total Debt) ratio stood at 0.18 times in FY2020 (Provisional) and 0.13 times in FY2019.

Acuité expects the financial risk profile of the company to remain healthy over the medium term on account of healthy accretion to reserves and strong debt protection metrics, leading to lower reliance on external borrowings.

#### • **Steady growth in operating income and healthy order book position**

Group was established in FY2016 and began its operations in FY2017-18 since then the operating income of the group has been growing steadily marked by the operating income of Rs. 42.12 crore in FY2018 as against Rs. 92.49 crore in FY2019 and Rs.147.06 crore in FY2020 (Provisional). The group have achieved a revenue of ~Rs.55.00 Crore as on 29-10-2020. Even though there is a major decline in the revenue in the current financial year due to covid-19 pandemic followed by nationwide lockdown, the group estimates to achieve total revenue of Rs.130.00 Crore by the end of this current financial year.

The operating margin (EBITDA) stood at 7.27 per cent in FY2020 (Provisional) as against 8.02 per cent in FY2019 and profit margin (PAT) stood at 4.65 per cent in FY2020 (Provisional) as against 3.49 per cent in FY2019. Further, the group has a healthy order book position with current orders in hand of Rs. 201 crore as on October 2020.

#### **Weaknesses**

##### • **Tender based nature of business**

The group deals with government organizations and quotes for the contracts on a tender basis. Going forward, the group's ability to successfully bid for greater number of large orders remains to be seen. Further, the group was established in 2016 due to which the track record of operations of the group is limited.

##### • **Fixed payment obligation**

The group has fixed monthly obligation towards government irrespective of the volume of mining. Further, significant buildup in the receivable could lead to increased burden towards payment obligation.

#### **Rating sensitivity**

- Significant improvement in revenues.
- Continuous addition of new work orders.

#### **Material Covenant**

None

#### **Liquidity position: Adequate**

The group has adequate liquidity marked by high net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.7.61 Crore for FY2020 (Provisional). The cash accruals of the company are estimated to remain in the range of around Rs.5.45 Crore to Rs.7.83 Crore during FY2021-23 against repayment obligations of Rs.3.20 Crore each year for the same period. The company's working capital operations are comfortable marked by gross current asset (GCA) days of 96 days in FY2020 (Provisional). The company maintained cash and bank balances of Rs.8.08 Crore as on 31 March, 2020 (Provisional). The current ratio stood healthy at 2.09 times as on 31 March 2020 (Provisional). Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of high cash accruals against its maturity debt repayments over the medium term.

### Outlook: Stable

Acuite believes that Group will maintain a 'Stable' outlook over the medium term on the back of its continuous increase in revenue and moderate financial risk profile. The outlook may be revised to 'Positive' in case the group registers higher-than-expected growth in its revenue and profitability, while improving its liquidity position. Conversely, the outlook may be revised to 'Negative' in case the group registers lower than-expected growth in revenues and profitability or in case of deterioration in the group's financial risk profile or significant elongation in the working capital cycle.

### About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	147.06	92.49
PAT	Rs. Cr.	6.84	3.23
PAT Margin	(%)	4.65	3.49
Total Debt/Tangible Net Worth	Times	1.18	1.41
PBDIT/Interest	Times	2.59	2.46

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

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in service sector - <https://www.acuite.in/view-rating-criteria-50.htm>
- Manufacturing Entities- <https://www.acuite.in/view-rating-criteria-59.htm>
- 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>

### Note on complexity levels of the rated instrument

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

### Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
03 July, 2020	Cash Credit	Long Term	13.50	ACUITE BB/Stable (Assigned)
	Bank Guarantee/ Letter of Guarantee	Short Term	15.00	ACUITE A4+ (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Name of the bank	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Punjab National Bank	Not Applicable	Not Applicable	Not Applicable	13.50	ACUITE BB/Stable (Reaffirmed)
Bank Guarantee/ Letter of Guarantee	Punjab National Bank	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A4+ (Reaffirmed)

**Contacts**

Analytical	Rating Desk
Aditya Gupta Vice President - Corporate Ratings Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>  Aditya Singh Ratings Analyst - Rating Operations Tel: 011-49731303 <a href="mailto:aditya.singh@acuite.in">aditya.singh@acuite.in</a>	Varsha Bist Senior Manager – Rating Desk Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

**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 6,000 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 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](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.