

Press Release

Goldcorp Global Mining Private Limited

January 12, 2023

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	7.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	7.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.7.00 Crore bank facilities of Goldcorp Global Mining Private Limited (GGMPL). The outlook is '**Stable**'.

Rationale for reaffirmation

The rating continues to be reaffirmed with continuous improvement in revenue to Rs.520.99 Crore in FY22 against Rs.229.46 Crore in FY21 and Rs 147.06 Crore in FY20. Further, the rating draws its comfort from moderate financial risk profile with comfortable coverage indicators. Further, the growth in revenue is expected to be sustained in the medium term with an order book of Rs.636 Crores as on December 2022. However, the rating continues to be constrained by moderate working capital operations and tender based nature of operations.

About Company

Rajasthan-based, Goldcorp Global Mining Private Limited (GGMPL) was incorporated in January 2019 as private limited company which is engaged in the business of mining and stone crushing. The company is also engaged into trading of different construction material. The company also provide transportation services for the same product. Company is supplying different type of stone and minerals to L&T and Tata Projects Limited.

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, trading and supplying of construction materials, toll collection and collection of royalties at precious stones and gypsum mining sites on behalf of the government.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite 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.

Key Rating Drivers

Strengths

Substantial growth in overall operating income

The company has recorded a revenue of Rs.520.99 Crore in FY22 against Rs.229.46 Crore in FY21. There is an increase in revenue on an account of increase in mines and order book. In addition to this, company is also serving to L&T and L&T has installed new crusher plant on the same site to expedite the process. However, the margins of the company are on declining phase in FY22 at 7.63 per cent against 11.77 per cent in FY21. As in FY21 government has waived off liability on company's account due to Kisan andolan resulting into higher margins and in FY22 the project execution cost has increased resulting into low margins in FY22. However, the PAT margin of the company stood at 3.55 per cent in FY22 against 5.08 percent in FY21. Currently, the company is having an healthy order book position of around Rs.636 Crore which provides a revenue visibility over the medium term. The galaxy group has achieved a turnover of around Rs.255 Crore till November.

Acuite believes that revenue of the company may continue to increase in medium term with a healthy order book position.

Moderate Financial Risk Profile with comfortable coverage indicators

The financial risk profile of the company is moderate marked by average net worth, moderate gearing and comfortable coverage indicators. The net worth of the company stood at Rs.51.59 Crore as on 31st March, 2022 as against Rs.32.12 Crore as on 31st March, 2021 and Rs 36.07 Crore as on 31st March, 2020. There is a decline in equity share capital in GMRPL in FY2021 which is mainly because of the adjustment done due to conversion of partnership firm into private limited company.. There is no withdrawal of capital by the company. However, in FY 2022 net worth has increased due to accretion of profits in the reserves. The total debt of the company is Rs.73.46 Crore as on March , 2022 includes long term debt of Rs.18.34 Crore, Unsecured loans of Rs.2.31 Crore and Short term debt of Rs.48.99 Crore. The gearing ratio of the company stood at 1.42 times in FY22 against 2.33 times in FY21. Further, the debt service coverage ratio and interest coverage ratio of the company improved at 2.63 times and 3.19 respectively in FY22 against 2.69 times and 3.15 times respectively in FY21.

Acuite believes that financial risk profile may continue to remain moderate going forward with no major debt-funded capex plan.

Weaknesses

Moderately working capital intensive operations

The working capital operations of the company is moderate with GCA days at 63 days in FY22 as against 128 days in FY21. The GCA days improved on an account of better realisation from debtors in FY22 at 24 days against 39 days in FY21. In addition to this, the inventory days of the company also went down from 13 days in FY21 to 7 days in FY22. However, the creditor days of the company stood at 33 days in FY22 against 42 days in FY21. The current ratio of the company in FY22 stood at 1.23 times in FY22 against 1.16 times in FY21.

Acuite believes that the working capital operation of the company will continue to remain moderate in the medium term.

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.

Rating Sensitivities

- Timely execution of all the orders in the near to medium term will be a key rating sensitive factor.
- Growth in revenue with sustainability of the profitability margins.
- Any deterioration of its financial risk profile and liquidity position.

Material Covenants

None.

Liquidity Position

Adequate

The liquidity position of the company is adequate on an account of net cash accruals stood at Rs.23.61 Crore in FY22 against the debt repayment obligation of Rs.0.45 Crore in the same period. The cash accrual of the group is estimated to be in the range of Rs.30 Crore of Rs.40 Crore against CPLTD would not be more than Rs.4 Crore in each year. The company has maintained unencumbered cash and bank balance of Rs.10.21 Crore in FY22. The average bank limit utilisation stood at 84% in last 6 months ending September 2022.

Outlook: Stable

Acuité 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.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	520.99	229.46
PAT	Rs. Cr.	18.51	11.66
PAT Margin	(%)	3.55	5.08
Total Debt/Tangible Net Worth	Times	1.42	2.33
PBDIT/Interest	Times	3.19	3.15

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

None

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>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Trading Entity: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité 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
20 Oct 2021	Proposed Bank Facility	Long Term	2.00	ACUITE BBB- Stable (Upgraded from ACUITE BB)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Upgraded from ACUITE BB)
10 Nov 2020	Proposed Bank Facility	Long Term	2.00	ACUITE BB (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BB (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Maharashtra	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE BBB- Stable Reaffirmed

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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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