

Press Release
GALAXY MINING AND ROYALTIES PRIVATE LIMITED
April 11, 2024
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	21.52	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	34.63	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	56.15	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) and the short-term rating of 'ACUITE A3' (read as ACUITE A three) on the Rs. 56.15 Crore bank facilities of Galaxy Mining and Royalties Private Limited (GMRPL). The outlook is 'Stable'.

Rationale for reaffirmation

The rating reaffirmation continues to factor in the long standing experience of the promoters and established track record of operations of the group. The rating reaffirmation further takes into consideration the improvement recorded in the group's operating performance marked by revenue growth of 39.07 % in FY2023 to Rs.724.55 Crore from Rs. 520.99 Crore in FY2022.

However, the operating margins moderately declined in FY2023 and stood at 6.34 per cent as against 7.63 per cent in FY2022. The rating further considers the moderate financial risk profile and efficient working capital operations of the group as indicated by the low gearing levels and low GCA days respectively. However, the rating is constrained by the group's tender based nature of operations.

Going forward, the group's ability to scale up its scale of operations while maintaining profitability margins will remain a key rating monitorable.

About Company

Rajasthan-based, 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.

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.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

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.

From FY2024, with the transfer of shares and ownership of Goldcorp Global Mining Private Limited (GGMPL), team will be consolidated the business and financial risk profiles of Galaxy Mining & Royalties Private Limited (GMRPL) and Galaxy Mining Private Limited (GMPL), together known as Galaxy Mining Group.

Key Rating Drivers

Strengths

Experienced management and established track record

Galaxy group is based out of Rajasthan, incorporated in 2016 by Mr. Deependra Singh Rathore and Mrs. Sashi Singh Rathore. The promoter Mr. Deependra Singh Rathore has an experience of over a decade in the industry. The promoters are assisted by the second line of management who are well experienced in the industry. On the back of the experienced management, the operating income of the group is improving YoY and stood at Rs.724.55 Crore in FY2023 as against Rs.520.99 Crore in FY2022 reporting CAGR of 77.70 percent for the last three years. The improvement in the operating income is due to growth in the order book position. The group has an outstanding order book position of Rs.712.96 Cr. as on 29 February 2024. Further, the group has achieved turnover of Rs.651.35 Crore in FY2024(prov). The absolute EBITDA of group is improving YoY , however the operating margin moderated and stood at 6.34 per cent in FY2023 as against 7.63 per cent in FY2022. The PAT margin of the group stood at 3.85 per cent in FY2023 as against 3.55 percent in FY2022.

Acuite believes that the experienced management the group will aid in the growth of scale of operations over the medium term supported by moderate order book position

Moderate Financial Risk Profile with above -average coverage indicators

The financial risk profile of the group is moderate marked by moderate net worth, low gearing and above -average coverage indicators. The net worth of the group stood at Rs.78.50 Crore as on 31 March 2023 as against Rs.51.69 Crore as on 31 March 2022. Net worth also includes Rs.16.86 Cr of quasi equity. The improvement in net worth is due to accretion of profits to reserves. The total debt of the group is Rs.89.22 Crore which includes long term debt of Rs.14.46 Crore, Unsecured loans of Rs.0.84 Crore, Short term debt of Rs.70.15 Crore and current maturities of long-term debt of Rs.3.76 Crore. The gearing of the group stood at 1.14 times as on 31 March 2023 as against 1.42 times as on 31 March 2022.

The debt protection metrics of the group improved and stood above average with ICR and DSCR at 5.51 times and 3.18 times in FY2023 against 3.19 times and 2.63 times in FY2022 respectively.

Further, with the transfer of shares of Goldcorp Global Mining Private Limited to another company, the net worth of the group is projected to be at Rs.97.07 Cr. in FY2024 (estimated). Acuite believes that the financial risk profile of the group will improve in the medium term, owing to absence of any debt funded capex and increase in scale of operations.

Efficient Working capital operations

The working capital operations of the group are efficient in nature with GCA days of 69 days as on 31 March 2023 as against 63 days as on 31 March 2022. The debtor days stood low at 23 days as on 31 March 2023 as against 24 days as on 31 March 2022. In addition to this, the inventory days of the group also stood low at 16 days as on 31 March 2023 as against 7days as on 31 March 2022.

However, the creditor days of the group stood moderate at 40 days as on 31 March 2023 as

against 33 days as on 31 March 2023. Further, the average bank limit utilisation of the group stood moderately high ranging between 78-85 percent for fund-based limits and around 90 percent for non-fund based facilities for the last 6 months ended March 2024.

Acuite believes that the working capital operations of the group will continue to remain efficient in the medium term.

Weaknesses

Tender based nature of business

The group deals with government organizations and quotes for the contracts on a tender basis. The revenue of the group is highly dependent on the number and value of tenders floated by the Government. Since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully. Acuite believes that the ability of the group to keep growing its scale of operations along with maintaining profitability levels would remain key rating sensitivity factor over the medium term.

Rating Sensitivities

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

Liquidity Position: Adequate

The liquidity position of the group is adequate on account of sufficient net cash accruals generation against its current debt maturities. The net cash accruals stood at Rs.32.90 Crore in FY2023 as against the debt repayment obligation of Rs.3.82 Crore during the same period. The cash accrual of the group is estimated to be in the range of Rs.28-32 Crore in FY2024 -25 as against CPLTD of Rs.3.76 – 3.93 Crore during the same period. The current ratio of the group stood at 1.42 times in FY2023 as against 1.23 times in FY2022. The group has maintained an unencumbered cash and bank balance of Rs.11.58 Crore in FY2023. The average bank limit utilisation of the group stood moderately high ranging between 78-85 percent for fund-based limits and around 90 percent for non-fund-based facilities for the last 6 months ended March 2024. ACUITE believes that the liquidity position of the group will continue to remain adequate on account of expected healthy cash accrual generation over the medium term.

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 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	724.55	520.99
PAT	Rs. Cr.	27.88	18.51
PAT Margin	(%)	3.85	3.55
Total Debt/Tangible Net Worth	Times	1.14	1.42
PBDIT/Interest	Times	5.51	3.19

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>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Trading Entitie: <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
12 Jan 2023	Bank Guarantee (BLR)	Short Term	21.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	13.63	ACUITE A3 (Reaffirmed)
	Dropline Overdraft	Long Term	7.52	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB- Stable (Reaffirmed)
20 Oct 2021	Bank Guarantee/Letter of Guarantee	Short Term	15.75	ACUITE A3 Upgraded
	Bank Guarantee/Letter of Guarantee	Short Term	15.00	ACUITE A3 Upgraded
	Cash Credit	Long Term	14.00	ACUITE BBB- Stable Upgraded
	Secured Overdraft	Long Term	3.40	ACUITE BBB- Stable Upgraded
	Secured Overdraft	Long Term	8.00	ACUITE BBB- Stable Upgraded

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	21.00	ACUITE A3 Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	13.63	ACUITE A3 Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE BBB- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.52	ACUITE BBB- Stable Reaffirmed

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

1. Galaxy Mining & Royalties Private Limited (GMRPL)
2. Galaxy Mining Private Limited (GMPL)
3. Goldcorp Global Mining Private Limited (GGMPL)

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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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