



Press Release
BAIN GLOBAL RESOURCES LLP
January 08, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	80.00	ACUITE A Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	80.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of '**ACUITE A**' (read as **ACUITE A**) to the Rs.80.00 Cr. bank facilities of Bain Global Resources LLP (BGRL). The outlook is '**Stable**'.

Rationale for Assigned:

The rating assign takes into account the improvement in the scale of operations in H1 of FY2025, and the same is expected to continue for the entire year FY2025 and the group's stable operational performance and profitability during FY2024. The company has reported revenue of Rs.3419.24 Cr. as on March 31, 2024, implying a stable growth rate of ~0.03 percent against the previous year. During the current year the company has already achieved revenue of Rs.1986.39 Cr. till September 2024. The operating margin of the group stood at 28.07 percent in FY2024.

It also factors in the healthy financial risk profile of the group with healthy debt protection metrics, low gearing, and a strong liquidity position in FY2024 marked by healthy net cash accruals of Rs. 746.83 Cr. It also takes into account a robust unexecuted order book valued at Rs. 79,137.88 Cr. as of September 2024, marking a significant rise from Rs. 54,183.74 Cr. in August 2023. The group, in order to have a larger focus on individual projects, has subcontracted certain projects in group companies that have been specifically created for these projects, which provides long-term revenue visibility.

Further, the rating continues to derive strength from the experienced management with a long-established track record of the group, established client relationships with the presence of long-term contracts with strong counterparties, and the presence of a large fleet of heavy equipment with high entry barriers into the industry.

However, the ratings remain constrained by the working capital-intensive nature of operations and susceptibility to risks related to heightened regulations in the mining industry

About the Company

Bain Global Resources LLP was incorporated on May 26, 2023, and is a Hyderabad, Telangana-based company. The partners of the LLP are Mr. Deepak Induru, Mr. Induru Dheeraj, and Mr. Karthik Bathena, who are also part of the shareholders of BGR Mining & Infra Limited. The LLP was established (Initially) for carrying out operations of the Manoharpur MDO and Jamkhani MDO projects in Odisha.

About the Group

Incorporated in 2011, BGR Mining and Infra Limited (BGRMIL) is a Hyderabad-based company majorly engaged in two business segments: contract mining and mine development and operations (MDO). BGR (formerly B Girijapathi Reddy & Co.) was set up in 1988 as a partnership firm by Mr. Girijapathy Reddy, Mr. Bathina Umapathy Reddy, and Mr. I. Sudhakara Reddy. It was reconstituted as a private limited company in 2011. The company has a strong presence across multiple states with a fleet of over 1,200 HEMM (Heavy Earth Moving Machineries). The company is currently headed by Mr. B. Umapathy Reddy, Mr. I. Sudhakara Reddy, and the second-generation promoters.

Incorporated in March 2016, BI Mining Private Limited (BMPL) is a Hyderabad, Telangana-based company. The company is currently executing the entire work of overburden removal at the Bina Open Cast Project (OCP) of Northern Coalfields Limited (NCL) subcontracted to them by BGR DECO Consortium Private Limited (BDCPL). Work execution is being carried out through leased and hired vehicles. The company is currently headed by Mr. Umapathy Reddy Bathina and Mr. Induru Sudhakara Reddy.

Incorporated in June, 2020, BGR Deco Consortium Private Limited (BDCPL) is a joint venture of BGR Mining and Infra Limited (BGRMIL) and Dhansar Engineering Company Private Limited (DECO), in the ratio 51:49 respectively. Initially, the JV was formed as an association of persons (AOP), but in Mar 2022, the AOP was taken over by a private limited company with the same shareholding pattern. The company has bagged a large-size tender from Northern Coalfields Limited, and the same is subcontracted to BI Mining Private Limited (BMPL). The company is currently headed by Mr. Harsh Agarwalla from DECO and Mr. Induru Dheeraj from BGRMIL.

Skade Minerals LLP, incorporated on May 26th, 2023, is a Hyderabad, Telangana-based company. The partners of the company are Mr. Deepak Induru, Mr. Induru Dheeraj, and Mr. Karthik Bathena, who are also the shareholders of BGR Mining & Infra Limited. The promoters bring extensive experience in the industry. The LLP has been (Initially) incorporated for carrying out the operations of the Kerandari MDO project in the Jharkhand region.

Shar Projects Private Limited, incorporated on May 16th, 2023, is a Hyderabad, Telangana-based company. The directors of SHAR Projects Private Limited are Mr. Rohit Reddy Bathina who represent the shareholders of BGR Mining and Infra Limited. and Mrs. Samanvayi Bathina. The promoters possess extensive experience in the industry. The company was established to manage and carry out the operations of the Panchwara MDO project and other MDO projects in West Bengal on behalf of BGR Mining and Infra Limited.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

For arriving at the ratings, ACUTE has consolidated the business and financial risk profiles of BGR Mining and Infra Limited (BGRMIL), BGR Deco Consortium Private Limited (BDCPL); BI Mining Private Limited, in Global Resources LLP, Skade Minerals LLP, Shar Projects Private Limited. On account of common management, operational and financial linkages and cross-corporate guarantees between six companies.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

The group has been engaged in coal excavation and transportation for over two decades now and was initially carrying out these activities for the subsidiaries of Coal India Limited. Over the years, the group has started catering to several other reputed companies also, like Central Coalfields Limited, National Thermal Power Corporation, Vedanta, and West Bengal Power Development Corporation Limited (WBPDCCL) (rated at ACUTE A-/Stable/A2+). The group is currently headed by founder directors Mr. B. Umapathy Reddy, Mr. I. Sudhakara Reddy, and the second-generation directors. Extensive experience of the promoters and an operating track record of more than three decades in the industry have helped the group in understanding the market dynamics & establishing strong relationships with suppliers and bagging large-size tenders. ACUTE believes the vast experience of the management will support the business going forward.

- **Stable growth in the scale of operations along with robust order book position**

BGR Group reported stagnant growth with YOY growth of 0.03 percent in FY2024 as compared to FY2023. Revenues stood at Rs.3419.24 Cr. in FY2024 as against Rs.3418.07 Cr. in FY2023. In the first half of FY 25, the group has already achieved a turnover of Rs. 1,986.39 Cr. with an EBITDA margin of 34.17 percent, with a robust unexecuted order book of Rs. 79,137.88 Cr. (including agreement stage order of Rs. 24,610.68 Cr.) as on September 2024 to be executed over the next 25 years, which translates into revenue visibility of 23.13x of FY2024 group's revenue. The group at present has 5 running MDO projects, and 1 is in the agreement Stage. The group maintained a consistent growth trajectory in OBR throughout FY2024, which further increased in the current year. The EBITDA margin is in the range of 29.57-28.07 percent in the last two years ending in FY2024. The margins of the company will also be maintained due to the presence of a price variation clause that protects the group from any adverse movement in the prices of raw materials. All contracts have a built-in price escalation clause that protects the Group from any adverse fluctuations in the raw material prices, which helps the Group in maintaining healthy EBITDA margins. ACUTE believes that the increasing OBR will facilitate faster production of coal in the future, and hence a positive revenue growth

expectation would aid the business risk profile going forward.

- **Long-term Contract; Low Offtake Risk; Escalation clause in contracts**

Group has entered into a long-term contract of 25 years as a mine developer-cum-operator (MDO) for the supply of coal to West Bengal Power Development Corporation Limited (WBPDC) (rated at ACUTE A-/Stable/A2+) through the Pachhara open-cast project (PCMP) in the Pachhara North Coal Block in Jharkhand, Central Coalfields Limited, National Thermal Power Corporation, and Vedanta, leading to limited offtake risk for the BGR group. Acute assesses the offtake risks associated with the MDO business to be low, given the group enters into firm agreements with annual target supply. The agreement also protects the group from price volatility, as the pricing formula to cover any cost escalation has been agreed upon. Additionally, coal demand is likely to continue to increase in the medium-to-long term. The major cost for the group for such services is the diesel cost for plying the equipment, thus exposing the group to volatility in diesel prices. While the diesel costs are pass-through in nature, there is generally a time lag before the same can be built into the billing cycle. Further, the cost of labor, which is another major cost, has an escalation clause.

- **Healthy financial risk profile**

The group's financial risk profile is healthy, marked by a healthy net worth, low gearing and healthy debt protection metrics. The net worth of the group stood at Rs.2048.25 Cr. and Rs.1579.35 Cr. as on March 31, 2024 and 2023 respectively. The improvement in net worth of the group is due to accretion of reserves. Gearing of the group stood at 0.24 times as on March 31, 2024 against 0.34 times as on March 31, 2023. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 10.90 times and 2.61 times as on March 31, 2024 respectively as against 11.33 times and 3.17 times as on March 31, 2023 respectively. TOL/TNW (Total outside liabilities/Total net worth) stood at 0.47 times and 0.64 times as on March 31, 2024 and 2023 respectively. The debt to EBITDA of the company stood at 0.48 times as on March 31, 2024 as against 0.64 times as on March 31, 2023. Acute believes that the group's financial profile is likely to improve going forward, supported by healthy internal accrual generation and no major increase in the group's debt levels even though the operation of the group is capital intensive in nature with continuous capex incurred for procuring heavy earthmoving equipment (like dumpers, excavators, bulldozers, etc.) and other mining equipment (like compactor, drillers, cranes, etc.) for replacement purpose.

Weaknesses

- **Working capital intensive operations**

The group's working capital operations are intensive, marked by a high gross current asset (GCA) at 198 days in FY2024 as against 166 days in FY2023. The GCA days are impacted mainly on account of high cash & bank balances of Rs. 294.13 Cr. Inventory days stood at 8 days in FY2024 as against 8 days in FY2023. Debtor days improved and stood at 59 days in FY2024 as against 71 days in FY2023. The improvement in debtor days is due to the escalation amount of (FY 21-FY23) received in FY2024. The business model entails extraction and excavation of coal with longer execution periods. Billing is done on a milestone basis. Generally, debtor days period remains comfortable around 30-40 days, and also, they receive their payment within 15-25 days from the date they raise the invoice. Subsequently, the payable period stood at 60 days in FY2024 as against 38 days in FY2023, respectively.

- **Susceptibility to risks related to heightened regulations in the mining industry**

Operational and regulatory risks in the mining industry have increased significantly in recent years. Regulatory actions have largely been to clamp down on illegal mining and have included withholding of permits and a ban on export and mining. However, as BGR Group is majorly working for state and central government entities having long-term contracts, the risk is moderated to a large extent.

Rating Sensitivities

- Elongation in working capital cycle
- sustainability of improvement in the scale of operations and profitability

Liquidity Position: Strong

The group's liquidity is strong, marked by strong net cash accruals to its maturing debt obligation. The group has generated cash accruals in the range of Rs. 746.83 Cr in FY2024, while its maturing debt obligations were Rs. 157.67 Cr during the same period. Going forward, the company is expected to generate net cash accruals of Rs. 874-980 Cr in FY 2025-26 against Rs. 129.27-153.39 Cr debt obligations. The current ratio stood at 2.54 times as of March 31, 2024, and the limits remain utilized at 37 percent for fund-based and 79 percent for non-fund-based over the 6 months ending October 31, 2024. The group maintains unencumbered cash and bank balances of Rs.

294.13 Cr as on March 31, 2024. Acuité believes that the liquidity of the group will remain strong over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	3419.24	3418.07
PAT	Rs. Cr.	530.95	613.74
PAT Margin	(%)	15.53	17.96
Total Debt/Tangible Net Worth	Times	0.24	0.34
PBDIT/Interest	Times	10.90	11.33

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>

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. Acuité'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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	80.00	Simple	ACUTE A Stable Assigned

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

Sr. No.	Company name
1	BGR Mining and Infra Limited
2	BGR Deco Consortium Private Limited
3	BI Mining Private Limited
4	Skade Minerals LLP
5	Shar Projects Private Limited
6	Bain Global Resources LLP

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About Acuité Ratings & Research

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