



Press Release

Black Diamond Motors Private Limited

February 11, 2025

Rating

Security Facility /	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	70.08	IVR BBB; Stable and withdrawn (IVR Triple B with stable outlook and simultaneously withdrawn)	IVR BBB-; Negative; ISSUER NOT COOPERATING* (IVR Triple B Minus with Negative outlook; ISSUER NOT COOPERATING)	Rating Upgraded, outlook revised from negative to stable and removed from ISSUER NOT COOPERATING category and simultaneously withdrawn	Simple
Total	70.08 (Rupees seventy crore and eight lakhs only)				

*Issuer did not cooperate; based on best available information

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has removed the ratings assigned to the bank facilities of Black Diamond Motors Private Limited (BDMPL) from ISSUER NOT COOPERATING category based on adequate information received from the company to review its ratings.

The upgrade of ratings assigned to the bank facilities of BDMPL considers improvement in revenue and profitability of the company in FY24 [FY refers to the period from April 01 to March 31] though moderation expected in FY25, comfortable financial risk profile and efficient working capital management. Moreover, the ratings also continue to factor in experience of the promoters and its geographically diversified business profile. However, these rating strengths are partially offset by susceptibility of profitability to fluctuation in raw material prices, exposure to intense competition and cyclical nature of the industry.

The outlook is expected to remain stable on the back of its established business performance supported by vast business experience of the promoters and its satisfactory financial risk profile.



Press Release

Infomerics Ratings has simultaneously withdrawn the rating assigned to the bank facilities of BDMPL with immediate effect. The above action has been taken at the request of the company and No Objection Certificate (NOC) issued by its lender. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities:

Upward Factors

- Improvement of operating income and profitability of the company on a sustained basis leading to improvement in gross cash accruals
- Improvement in the capital structure with improvement in overall gearing and improvement in debt protection metrics

Downward Factors

- Decline in operating income and/or profitability impacting the debt coverage indicators leading to moderation of interest coverage ratio
- Moderation in the capital structure with moderation in the overall gearing ratio to over 1.5x.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters

The promoters have more than two decades in the mining construction, hospitality, manufacturing business and their long-standing experience and reputation in the industry help in maintaining strong customer relationships.

Geographically diversified business profile

The company has a moderately-diversified geographical presence in the country, with its major brand pull in North & Central India.

Improvement in revenue and profitability in FY24 but moderation expected in FY25

The total operating income has increased by ~28% y-o-y from Rs. 314.16 crore in FY23 to Rs. 401.70 crore in FY24 driven by an increase in sales realisation as well as in sales volume in FY24. The profit levels have witnessed a steady improvement in FY24. The profit margins continue to remain comfortable in FY24 with EBITDA margin at 8.29% (8.28% in FY23) and



Press Release

PAT margin at 5.73% (5.22% in FY23). The rise in profitability is backed by rise in sales realisation and higher absorption of fixed overheads, attributable to rise in capacity utilisation in FY24. In 9MFY25, BDMPL has already achieved revenue of ~Rs.198.39 crore and thus expects a decline in scale of operation in FY25 due to a downturn in the industry.

Comfortable financial risk profile

The total indebtedness of the company marked by TOL/TNW though continued to remain satisfactory has moderated to 1.39x as on March 31, 2024 as against 1.35x on March 31, 2023, due to elevated debt levels. The overall gearing has deteriorated but remain comfortable at 0.80x as on March 31, 2024 (0.55x as on March 31, 2023). The deterioration in gearing is due to increase in working capital utilization. The debt protection metrics marked by interest coverage though moderated but remained comfortable at 16.10x in FY24 (16.91x in FY23) due to rise in interest and finance charges. The total debt/NCA also though moderated due to rise in debt levels continues to remain comfortable at 2.63 years as on March 31, 2024 (1.81 years as on March 31, 2023).

Efficient working capital management

The operating cycle of the company has moderated from 23 days in FY23 to 29 days in FY24 due to rise in inventory days from 38 days to 42 days. Moreover, the average fund-based utilization remained moderate at ~73% for past 12 months ended December 2024 indicating sufficient liquidity cushion.

Key Rating Weaknesses

Susceptibility of profitability to fluctuation in raw material prices

Steel, tyre is the primary raw material for the company. The prices of which are volatile in nature. Hence any adverse movement in raw material prices may impact the profitability of the company to an extent.

Exposure to intense competition

The company's products are up against dealers from other major brands, as well as the unorganised used automobile market. Original equipment manufacturers also urge more dealerships to expand their market penetration and sales, increasing dealer competition.



Press Release

Demand for automobiles is also cyclical and depends upon multiple factors, such as economic growth, interest rates, and fuel prices.

Cyclical nature of the auto industry

The auto sector is naturally exposed to economic cycles and borrowing rates and fuel prices are extremely volatile. A rise in interest rates raises the expenses of purchasing, causing the purchase to be postponed. Fuel prices have a direct impact on vehicle operating costs, and any increase would result in lower consumer disposable income, influencing buying decisions. As a result, the company is exposed to severe risks linked with the automobile industry's dynamics.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Criteria on complexity](#)

[Policy of Withdrawal of Ratings](#)

Liquidity – Adequate

The liquidity profile appears adequate as the company expects to generate adequate cash accruals to meet its debt repayment obligations in the projected tenure FY25 – FY27. Further the company has sufficient gearing headroom which imparts comfort. Moreover, the average fund-based utilization remained satisfactory at ~73% for past 12 months ended December 2024 indicating sufficient liquidity cushion.

About the Company

Black Diamond Motors Private Limited was incorporated in September 2005. It is involved in manufacturing of tip trailers. They are also producer of products such as tippers, rocky body, box trailers, semi low bed trailers, flat bed trailers, skeletal trailers, and all kind of customised trailers for various applications. Its manufacturing unit is in Bilaspur, Chhattisgarh with annual production capacity of 2000 units.



Press Release

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	314.16	401.70
EBITDA	26.01	33.31
PAT	16.43	23.05
Total Debt	33.40	67.24
Tangible Net Worth	61.20	84.25
EBITDA Margin (%)	8.28	8.29
PAT Margin (%)	5.22	5.73
Overall Gearing Ratio (x)	0.55	0.80
Interest Coverage (x)	16.91	16.10

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)				Rating History for the past 3 years			
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22
					Sep 23, 2024	Aug 04, 2023	Dec 14, 2022	Jun 08, 2022	-
1.	Term Loans	Long Term	40.00	IVR BBB; Stable; withdrawn	IVR BBB-; Negative; ISSUER NOT COOPERATING*	IVR BBB; Positive	IVR BBB; Stable	-	-
2.	GECL	Long Term	4.94	IVR BBB; Stable; withdrawn	IVR BBB-; Negative; ISSUER NOT COOPERATING*	IVR BBB; Positive	IVR BBB; Stable	-	-
3.	SME Car Loan	Long Term	1.14	IVR BBB; Stable; withdrawn	IVR BBB-; Negative; ISSUER NOT COOPERATING*	IVR BBB; Positive	IVR BBB; Stable	-	-



Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)				Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22
					Sep 23, 2024	Aug 04, 2023	Dec 14, 2022	Jun 08, 2022	-
4.	Cash Credit	Long Term	24.00	IVR BBB; Stable; withdrawn	IVR BBB-; Negative; ISSUER NOT COOPERATING*	IVR BBB; Positive	IVR BBB; Stable	IVR BBB-; Stable	-
5.	Proposed Cash Credit [^]	Long Term	-	-	IVR BBB-; Negative; ISSUER NOT COOPERATING*	IVR BBB; Positive	IVR BBB; Stable	IVR BBB-; Stable	-

[^]Previously rated proposed cash credit is now a part of sanctioned limit.

Analytical Contacts:

Name: Nidhi Sukhani

Tel: (033) 46022266

Email: nsukhani@infomerics.com

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	-	FY27	40.00	IVR BBB; Stable; withdrawn
GECL	-	-	-		4.94	IVR BBB; Stable; withdrawn
SME Car Loan	-	-	-		1.14	IVR BBB; Stable; withdrawn
Cash Credit	-	-	-	-	24.00	IVR BBB; Stable; withdrawn

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-black-diamond-feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.