



Press Release

Boulder Stone Mart Private Limited

March 27, 2025

Ratings

| Security / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|----------------------------|--|---|-----------------------------|--------------------------|---|
| Long Term Bank Facilities | 2.00 | IVR BB+; Stable (IVR Double B Plus with Stable Outlook) | - | Assigned | Simple |
| Short Term Bank Facilities | 48.00 | IVR A4+ (IVR A Four Plus) | - | Assigned | Simple |
| Total | 50.00 (Rupees fifty crore only) | | | | |

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

The ratings assigned to the bank facilities of Boulder Stone Mart Private Limited (BSMPL) derives comfort from its locational advantage and comfortable capital structure with moderate debt protection metrics. The ratings also consider stable demand outlook and long-term agreement with Ministry of Coal ensuring revenue visibility during the tenure of the agreement. However, these rating strengths are partially offset by BSMPL's nascent stage of operations along with exposure to customer concentration risk, tender driven nature of business in highly fragmented & competitive nature of operation, susceptibility of its profitability due to volatile coal prices and exposure to regulatory risk.

The stable outlook for the company is fueled by long-term growth in coal and thermal power demand, driven by economic improvements and government infrastructure initiatives.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis
- Sustenance of the capital structure with improvement in debt protection metrics with interest coverage sustained above 2x



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Downward Factors

- Decline in operating income or profitability impacting the cash accrual and debt coverage indicators
- Withdrawal of unsecured loan amounting to Rs.25.00 crore leading to moderation in the capital structure with deterioration in overall gearing to over 1.5x
- Moderation in the debt protection metrics with deterioration in interest coverage to below 1x

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Locational advantage

The two adjoining and isolated coal blocks allotted to BSMPL are located at Gotitoria East and Gotitoria West in Mohpani Coalfield, Narsighpur District of Madhya Pradesh, which is one of the coal reservoirs (non-coking) of the country and the allotted coal blocks of BSMPL are also in close proximity to various power generating companies, steel producing companies and cement industries. Accordingly, availability and sourcing of coal is not an issue for the company.

Comfortable capital structure with moderate debt protection metrics

The debt profile of the company consists of only unsubordinated USL from the promoters and relatives. The capital structure of the company (considering USL of Rs.25 crore as quasi equity) remains comfortable marked by overall gearing ratio of 0.83x as on March 31, 2024 (as against 0.95x as on March 31, 2023). The improvement in capital structure is driven by accretion of profit to reserves. The total indebtedness of the company marked by TOL/TNW remains moderate at 1.20x as on March 31, 2024 as against 1.08x as on March 31, 2023. The debt protection metrics as indicated by interest coverage ratio remained moderate at 1.17x in FY24 (FY refers to the period from April 01 to March 31) as against 1.53x in FY23. The moderation in interest coverage is driven by increase in finance charges. The Total debt to EBITDA remains high at 5.93x as on March 31, 2024 (9.22x as on March 31, 2023) while Total debt to NCA remained high and stood at 10.91x as on March 31, 2024 as against 11.59x as on March 31, 2023.

Long term agreement with Ministry of Coal ensuring revenue visibility during the tenure of the agreement



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BSMPL has entered into a coal mine development and production agreement with the President of India in respect of 'Gotitora (East) & Gotitora (West) Coal Mine' in Madhya Pradesh for a period of 17 years for extraction of 4.92 million MT of coal. The rights related to the land, surface area and mining rights have been accordingly forfeited from the prior allottee, BLA Power Private Limited to BSMPL vide Vesting Order dated November 18, 2021 by Ministry of Coal. This ensures long term revenue visibility for BSMPL over the entire contact period.

Stable demand outlook

Long-term growth prospects for coal demand and consequently coal logistics continue to remain stable. The demand is driven by increase in thermal power demand on the back of improvement in economy and government's thrust on infrastructure leading to stable growth prospects in user industries like power generation, steel production, cement manufacturing etc.

Key Rating Weaknesses

Nascent stage of operation

The company commenced its operations in September 2022, hence FY23 was its first seven months of operation and FY24 was its first full year of operation. Hence, the company has a small operational track record. BSMPL has booked revenues of Rs.76.12 crore and PAT of Rs.0.97 crore in its first full year of operation. In 9MFY25, BSMPL has reported turnover of Rs.54.06 crore.

Exposure to customer concentration risk

The company is exposed to client concentration risk, with the top five customers contributing to ~99% of total revenue in FY24. High customer concentration risk makes BSMPL vulnerable to downturns in the business of large customers or any change in the clients' business plans.

Tender driven nature of business in highly fragmented & competitive nature of operation

The company mainly deals in domestic coal. The coal industry is highly fragmented with presence of many organised and unorganised players. Further, coal is an important natural resource and its mining and industry-wise allotment is regulated by the Government of India. The business being tender driven is extremely competitive and any adverse change in the regulatory framework is likely to impact the operations of the company.

Susceptibility of its profitability to volatile coal prices



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Coal prices exhibit volatility as their prices fluctuate, influenced by factors like global demand, supply chain disruptions, and weather conditions. The profitability of the company is susceptible to volatile coal prices and exerts a pressure on the company's margins.

Exposure to regulatory Risk

Indian mining industry is highly regulated by the government of India as the risk attached to ban on mining activities of its client due to sudden change in government policy. Hence, any major regulatory changes may impact the business operations of the company.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

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

[Criteria of assigning rating outlook](#)

[Policy of default recognition](#)

[Criteria – Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate marked by its expected gross cash accruals of Rs.2.98 crore to Rs.7.57 crore vis-à-vis its nil debt repayment obligations during FY25-FY27.

About the Company

Boulder Stone Mart Private Limited (BSMPL) was incorporated in June 2013 by Agrawal family of Rajasthan. The company remain dormant and started commercial operation from September 2022. It is engaged in mining, quarrying and exploration of coal mines of Narsinghpur district in Madhya Pradesh. It has been awarded with Coal mines of two adjoining and isolated coal blocks, Gotitoria East and Gotitoria West located in Mohpani Coalfield, in Narsighpur District of Madhya Pradesh through a transparent E-tendering process vide Vesting Order dated November 18, 2021 by Ministry of Coal.

Financials (Standalone):

| For the year ended* / As On | (Rs. crore) | |
|-----------------------------|----------------|----------------|
| | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Operating Income | 16.43 | 76.12 |
| Total Income | 18.08 | 78.18 |
| EBITDA | 3.67 | 5.21 |
| PAT | 1.89 | 0.97 |



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| For the year ended* / As On | 31-03-2023 | 31-03-2024 |
|-----------------------------|------------|------------|
| Total Debt | 33.86 | 30.91 |
| Adjusted Tangible Net worth | 35.69 | 37.15 |
| EBITDA Margin (%) | 22.35 | 6.84 |
| PAT Margin (%) | 10.47 | 1.24 |
| Overall Gearing Ratio (x) | 0.95 | 0.83 |
| Interest Coverage Ratio (x) | 1.53 | 1.17 |

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

| Sr. No. | Name of Security/Facilities | Current Rating (Year 2024-25) | | | Rating History for the past 3 years | | |
|---------|-----------------------------|-------------------------------|--------------------------------|-----------------|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Ratings | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| | | | | | - | - | - |
| 1 | Secured Overdraft | Long Term | 2.00 | IVR BB+; Stable | - | - | - |
| 2 | Bank Guarantee | Short Term | 48.00 | IVR A4+ | - | - | - |

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About Infomerics:

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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.



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Annexure 1: Security/Facility Details

| Name of Facility/ /Security | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|--------------------------------|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| Secured Overdraft | - | - | - | - | 2.00 | IVR BB+; Stable |
| Bank Guarantee | - | - | - | - | 48.00 | IVR A4+ |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-boulder-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/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.