



## Press Release

### Resurgent Mining Solutions Private Limited

April 02, 2025

#### Ratings

Security / Facility	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	125.87	IVR BBB; Stable (IVR Triple B with Stable outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	7.00	IVR A3+ (IVR A Three Plus)	-	Rating Assigned	Simple
<b>Total</b>	<b>132.87</b> <b>(Rupees one hundred thirty-two crore and eighty- seven lakhs only)</b>				

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 Resurgent Mining Solutions Private Limited (RMSPL) derives comfort from its resourceful promoters and experienced management with extensive experience in the mining industry, synergy benefit from being a part of well-established Gainwell group and in place long-term mining contracts with escalation clause. The ratings also consider healthy orderbook of the company indicating revenue visibility in the near to medium term and its comfortable debt protection metrics. However, these rating strengths are partially offset by its regulatory and other associated risks in the mining sector, susceptibility of operating margin to volatile input prices, capital Intensive nature of business and leveraged capital structure. Further, the ratings also note expected moderation in the business performance of the company in FY25 (FY refers to the period from April 01 to March 31).

The stable outlook reflects expected stable business performance of the company underpinned by ongoing mining contracts and continuous support from the Gainwell Group.

#### Key Rating Sensitivities:

- **Upward Factors**
- Growth in scale of operations and profit margins on a sustained basis



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- Improvement in the capital structure and debt coverage indicators on a sustained basis
- Improvement in the operating cycle and overall liquidity profile of the company
- **Downward Factors**
- Decrease in scale of operations and/or moderation in profit margins thereby impacting the debt coverage indicators
- Any major debt funded capex resulting in moderation in the overall capital structure with moderation in overall gearing to over 3.5x
- Elongation of working capital cycle thereby impacting the liquidity position of the company

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

#### **Resourceful promoters with extensive experience in the mining industry and experienced management**

RMSPL is a part of the West Bengal based Gainwell group which is an exclusive dealer of Caterpillar Inc.'s (CAT) construction and earthmoving and mining equipment, in northern and eastern India, Nepal and Bhutan for over several decades through its flagship company Gainwell Commosales Private Limited (GCPL). Gainwell group is promoted by Mr. Sunil Kumar Chaturvedi along with his wife Mrs. Meena Chaturvedi (Director). Mr. Chaturvedi is a Chartered Accountant by qualification and retired IAS with experience of over three decades in the sector. Also, the promoters have been supporting the operations and infusing funds in the company. During FY25, the promoters have infused Rs.43 crore to support the business operations. RMSPL is currently managed by Mr. Rishabh Palakunath Nair, Mr. Maneesh Kumar Gupta and Mr. Badam Sive Kameshwar all having relevant experience with Mr. Maneesh Kumar Gupta having more than three decades of rich experience. They are assisted by a qualified and experienced team of professionals in managing the day-to-day affairs of the company.

#### **Synergy benefit from being a part of Gainwell group**

RMSPL is promoted by the Gainwell group which is an exclusive dealer of Caterpillar Inc.'s (CAT) construction and earthmoving equipment, mining equipment, the assembling and dealership business of diesel generator sets powered by CAT's engines, mining services, the manufacturing of mining equipment and renting of equipment in northern and eastern India, Nepal and Bhutan. Besides CAT, the group also has dealership of other large infrastructure



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players like Phillips Construction LLC and RPM Global Holdings Limited. GCPL which is the flagship company of the group has an established presence of several decades in the construction, energy & transportation and mining sector. Gainwell has experience in entire operations of UG coal mine from procurement and deployment of Continuous Miners (CM) to delivery of coal onto the trunk belts. Gainwell has on roll highly trained technical and is managed by professionals with decades of experience in this field. GCPL has a strong financial profile and RSMPL is expected to receive required support from GCPL and other group companies of Gainwell group in terms of product support, management support and need-based funding support.

### **Long term mining contract with escalation clause**

RMSPL had entered into long term mining contracts with SECL (South-Eastern Coalfields limited), ECL (Eastern Coalfields limited & TSL (Tata Steel Limited). A price variation clause is included in all the contracts based on various factors like diesel retail prices, wholesale price index, consumer price index, minimum wage circular, etc. Long-term mining contracts coupled with escalation clause ensure stability of the revenue & profitability stream in the future.

### **Sustained improvement in scale of operation with healthy profit margins though moderation expected in FY25**

The total operating income of the company grew at a CAGR of ~128% over the last three years from FY22-FY24 and improved by ~80% from Rs. 57.29 crore in FY22 to Rs.103.10 crore in FY23 and then by ~50% to Rs.153.81 crore in FY24. The improvement in TOI is driven by improvement in pace of order execution coupled with increase in trading revenue. The profit margins of the company remained healthy over the aforesaid period. The EBITDA margin and PAT margin remained comfortable at 22.66% and 5.50% respectively in FY24. However, the EBITDA margin has witnessed gradual moderation due to increase in low margin trading operations in the revenue profile. During FY25, the business operations of the company was impacted as Highwall miner operating at Tata Steel Project at West Bokaro was inundated on 2nd August 2024 due to heavy rains. The complete mine was flooded, and the machine was totally submerged. Subsequently, the mine management removed the large quantity of water by deploying high capacity of pumps and the machine was finally recovered in November 2024. Consequently, the company is expected to incur net loss in FY25 with moderation in its total operating income. However, the work at Tata Steel site is expected to start from July



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2025. Furthermore, during FY25 the company has bagged fresh high wall mining projects from ECL and SECL. Consequently, the business performance of the company is expected to improve from FY26.

### **Healthy orderbook indicating revenue visibility**

RMSPL has healthy outstanding order book position of Rs.371.51 crore as on February 28, 2025 which is expected to be executed in coming two years.

### **Comfortable debt protection metrics**

Debt protection metric of RMSPL stood comfortable with Interest coverage stood comfortable at 3.26x in FY24 as compared to 3.54x in FY23. The moderation in interest coverage is due to increase in finance charges attributable mainly to increase in term debt. Furthermore, Total debt to GCA and Total debt to EBITDA also remained moderate at 4.18 years and 2.57x respectively as on March 31, 2024.

### **A. Key Rating Weaknesses**

#### **Regulatory and other associated risks in the mining sector**

Coal mining is a highly regulated industry due to presence of many inherent, operational, and occupational hazards. Coal Mine Safety Legislation in India is one of the most comprehensive and pervasive statutory frameworks for ensuring occupational health and safety (OHS). Therefore, RMSPL's MDO business is indirectly exposed to the risk attached to the changes in the government policy affecting the rights of its customers. In India, the operations in coalmines are regulated by the Mines Act, 1952, Mine Rules – 1955, Coal Mine Regulation-1957 and several other statutes framed thereunder. Directorate-General of Mines Safety (DGMS) under the Union Ministry of Labour & Employment (MOL&E) is entrusted to administer these statutes. Also, RMSPL's activities is exposed to the risk attached to ban on mining activities of its client due to sudden change in government policy and towards the environmental restrictions that could be placed upon mining activities. Besides, the mining activities are subject to risks related to local agitations and adverse weather conditions which can potentially disrupt the production of coal.

#### **Susceptibility of operating margin to volatile input prices**

As the raw material prices & labour cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour cost. However, presences of escalation clause (for raw materials) in most of the contracts protect the margin to an extent.

#### **Capital Intensive nature of business**



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The operation of the company is capital intensive in nature as the company must continuously incur capex for procuring heavy mining equipment (including spare parts and accessories) for smooth execution of the committed mining contracts.

### **Leverage capital structure**

The total debt outstanding as of March 2024, stood at Rs 89.50 crores, with term loan being at Rs.43.11 crores and remaining being unsubordinated unsecured loans (which has come from the Gainwell group). The capital structure of RMSPL is leveraged marked by high overall gearing of 3.01x as of March 31, 2024 as against 2.86x as on March 31, 2023. The deterioration in gearing is due to higher increase in term loan to fund the purchase of Highwall mining machinery.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Service Sector Companies](#)

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

[Criteria for rating outlook](#)

[Policy of default recognition](#)

[Criteria on complexity](#)

[Parent group support](#)

### **Liquidity – Adequate**

The liquidity position of the company is adequate marked by gross cash accruals of Rs.21.41 crores in FY24 as against debt repayment of Rs.14.39 crores. Further, as maintained by the management, the repayment towards Unsecured loans of Rs.43.23 crores, is payable on demand and can be deferred subject to availability of adequate liquidity. Also, the collection from TSL is received within one month. This apart in FY25, the promoters have infused equity to the tune of Rs.43.00 crore, which provide it additional liquidity.

### **About the Company**

Resurgent Mining Solutions Private Limited (RMSPL) was incorporated in December 2011 is part of the Gainwell Group (flagship company: Gainwell Commosales Private Limited engaged in distribution of Caterpillar Inc. products in North and East India). RMSPL is engaged in high-wall coal mining services, roof bolting and trading of spare parts of heavy earth-moving machineries (mainly equipment pertaining to mining operations – Excavators, Bull Dozers, Dump Trucks etc.). RMSPL operates in the key areas of mining services, equipment





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maintenance management, roof bolting operations and rental and trading. At present, the company has three high wall mining contracts and one contractual mining contracts, one with Tata Steel Limited, two with Eastern Coalfields limited, a wholly owned subsidiary of Coal India Limited and one with South-Eastern Coalfields limited.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	103.10	153.81
EBITDA	26.10	34.85
PAT	9.80	8.48
Total Debt	60.83	89.50
Tangible Net Worth	25.08	33.55
Adjusted Tangible Net Worth	21.26	29.73
EBITDA Margin (%)	25.32	22.66
PAT Margin (%)	9.49	5.50
Overall Gearing Ratio (x)	2.86	3.01
Interest Coverage (x)	3.54	3.26

\* 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 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1.	Term Loan	Long Term	112.87	IVR BBB; Stable	-	-	-
2.	Working Capital Demand Loan	Long Term	13.00	IVR BBB; Stable	-	-	-
3.	Overdraft	Short Term	1.00	IVR A3+	-	-	-
4.	Sales Invoice Discounting	Short Term	6.00	IVR A3+	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.

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](http://www.infomerics.com).

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### 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
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Term Loan	-	-	-	April 2028	112.87	IVR BBB; Stable
Working Capital Demand Loan	-	-	-	-	13.00	IVR BBB; Stable
Overdraft	-	-	-	-	1.00	IVR A3+
Sales Invoice Discounting	-	-	-	-	6.00	IVR A3+

**Annexure 2: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-resurgent-mining-apr25.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](http://www.infomerics.com).