

Press Release

Radiant Coal Benefication Private Limited (RCBPL)

14 March, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 25.00 Cr.
Long Term Rating	SMERA BBB-/ Stable
Short Term Rating	SMERA A3

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of **'SMERA BBB-' (read as SMERA triple B minus)** and short term rating of **'SMERA A3' (read as SMERA A three)** on the above mentioned Rs. 25.00 crore bank facilities of Radiant Coal Benefication Private Limited (RCBPL). The outlook is **'Stable'**.

Radiant Coal Benefication Private Limited (RCBPL), promoted by Mr. Pawan Kumar Agarwal and Mr. Satish Kumar Agarwal. RCBPL is setting up plant for coal benefication business in Raigarh. The promoters/directors of RCBPL are also associated as directors in Hind Energy and Coal Benefication Limited and Clean Coal Enterprise Private Limited. Both of the above companies of the Hind group are engaged in coal benefication business under the Hind Group. RCBPL plant is being set up in Raigarh with installed capacity of 1.22 MTPA, registered office situated in Bilaspur. The commercial production of RCBPL is expected to commence from May 2018.

Analytical approach:

SMERA has considered the standalone financial and business risk profile of RCBPL. The rating has been notched up for group support of Hind group.

List of key rating drivers and their detailed description

Strengths

Experienced management with healthy track record of promoters:

The company is led by Mr. Pawan Kumar Agarwal, Mr. Satish Kumar Agarwal and Mr. Bandaruuday Bhaskar Rao who have more than a decade of experience in the coal washery business. SMERA expects RCBPL to benefit from the established presence of Hind group in the coal washery business.

Operational synergies among group companies:

The group companies are engaged in coal benefication business are located in near-by area of Chattisgarh and Odisha. Due to plant proximity, common facilities such as railway siding are being proposed to be utilised among the group. Further the Hind group directors' extensive knowledge in the coal benefication business would be a significant factor for proper implementation and subsequent commercial operations of RCBPL.

Weaknesses

Project implementation risk:

The company has been sanctioned a term loan of Rs.10.00 crore for its project of Rs. 17.55 crore and the balance will be bought in by promoters. The project is thus exposed to usual risk associated with implementation and subsequent commencement of operations.

Outlook – Stable

SMERA believes that the outlook on RCBPL's rated facilities will remain stable over the medium term as the company will continue to benefit on account of its experienced management. The outlook may be revised to 'Positive' in case RCBPL is successful in completing the ongoing capex without any cost and time overruns and successful operations and high profitability. Conversely, the outlook may be revised to 'Negative' in case of significant time, cost overruns or significant decline in credit profile of the group/company.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	NA	NA	NA
EBITDA	Rs. Cr.	NA	NA	NA
PAT	Rs. Cr.	NA	NA	NA
EBITDA Margin	(%)	NA	NA	NA
PAT Margin	(%)	NA	NA	NA
ROCE	(%)	NA	NA	NA
Total Debt/Tangible Net Worth	Times	NA	NA	NA
PBDIT/Interest	Times	NA	NA	NA
Total Debt/PBDIT	Times	NA	NA	NA
Gross Current Assets (Days)	Days	NA	NA	NA

Status of non-cooperation with previous CRA (if applicable):

None

Any other information:

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities- <https://www.smera.in/criteria-manufacturing.htm>
- Group and parent notch-up- <https://www.smera.in/criteria-group.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA BBB-/ Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA BBB-/ Stable
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A3
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A3
Proposed Facilities	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BBB-/ Stable

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ABOUT SMERA

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