

September 22, 2017

## S&T Mining Company Private Limited

### Summary of rated instruments

Instrument <sup>^</sup>	Rated Amount (Rs. crore)	Rating Action*
Fund-based Limits – Term Loan	190.50	[ICRA]BBB+ (stable) ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Fund-based Limits – Cash Credit	4.50	[ICRA]BBB+ (stable) ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Non-fund based Limits – Bank Guarantee	5.00	[ICRA]BBB+ (stable) ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
<b>Total</b>	<b>200.00</b>	

\* Issuer did not co-operate; based on best available information

<sup>^</sup>Instrument Details are provided in Annexure-1

### Rating action

ICRA has moved the ratings for the Rs. 200-crore<sup>1</sup> bank facilities of S&T Mining Company Private Limited (STMCPPL)<sup>†</sup> to the ‘Issuer Not Cooperating’ category. The ratings are now denoted as: “[ICRA]BBB+ (stable) ISSUER NOT COOPERATING”.

### Rationale

The ratings are based on limited updated information on the entity’s performance since the time it was last rated in March, 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity’s credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with STMCPPL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information, and in line with SEBI’s Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA’s Rating Committee has taken a rating view based on the best available information.

### Key rating drivers

#### Credit strengths

- **Status of the company as a 50:50 joint venture between SAIL and TSL, which gives some financial flexibility**

S & T Mining is a 50:50 joint venture (JV) between Steel Authority of India Limited (SAIL) and Tata Steel Limited (TSL), both having a strong market position in the iron and steel business. The company also gets financial flexibility with the projects being proposed to be funded through a debt:equity mix of 1:1, the same is expected to lead to a moderate capital structure.

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA’s website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

- **Strategic importance of the coal mining and coal washery projects to the parents**  
The coal mining and coal washery projects are of strategic importance to the parents, given their significant dependence on imported coking coal, as well as the high ash content of domestic coking coal, which requires beneficiation.
- **Long experience of the parent companies in operating coal mines and coal washeries**  
Demonstrated track record of parent companies in operating underground coal mines and coal washeries significantly offsets the operating risk arising to STMPCL

#### Credit weaknesses

- **Exposure to project execution risks, given the preliminary stage of development of S & T's upcoming projects**  
The company is exposed to project execution risks given the nascent stage of development of the projects, with a potential for time and cost overruns in future.
- **Company yet to turn profitable, given the limited scope of operations achieved thus far**  
The operations of the company are loss making at present and the scope of operations achieved so far is limited.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

#### Links to applicable criteria:

[Corporate Credit Rating Methodology](#)  
[Rating Methodology for Mining Companies](#)

#### About the company:

Incorporated in September 2008, S & T Mining is a 50:50 JV between SAIL and TSL, established with the primary purpose of securing coal mining assets for the parent entities. The company has been engaged by BCCL as a contract miner for the development and running of the operations at one of its coal block. S & T Mining is also developing a 1.8 MTPA coal -washery in Bhelatand, Jharkhand.

#### Key Financial Indicators (Audited & from MCA)

	FY2015	H1 FY2016*	FY2016(MCA)	FY2017(MCA)
Operating Income (Rs. crore)	0.08	0.07	0.17	0.37
PAT (Rs. crore)	-4.26	-2.03	-4.14	-5.06
OPBDIT/ OI (%)	-5283.88%	-2937.63%	-2418.43%	-698.94%
RoCE (%)	-87.53%	-81.00%	-108.47%	-1655.45%
Total Debt/ TNW (times)	-	-	-	-
Total Debt/ OPBDIT (times)	-	-	-	-
Interest coverage (times)	-	NM***	-	-
NWC/ OI (%)	-6.15	-8.93	-1417%	-944%

\*Provisional

\*\*Profit before Tax

\*\*\*Not Meaningful

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);

NWC: Net Working Capital

MCA: Ministry of Corporate Affairs

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating History for last three years:**

S.No	Name of Instrument	Current Rating (FY2018)			Chronology of Rating History for the past 3 years		
		Type (long term/ Short term)	Rated amount (Rs. crore)	Month-year & Rating	Month- year & Rating in FY2017	Month- year & Rating in FY2016	Month- year & Rating in FY2015
				September, 2017	March, 2016	March, 2015	Jan, 2014
1	Fund Based Limits - Term Loan	LT	190.50	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING*	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2	Fund Based Limits – Cash Credit	LT	4.50	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING*	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
3	Non Fund Based Limits – Bank Guarantee	LT	5.00	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING*	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)

\* Issuer did not co-operate; based on best available information

**Note on complexity levels of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

**Annexure-1**
**Details of Instrument**

<b>ISIN No.</b>	<b>Name of the instrument</b>	<b>Date of issuance</b>	<b>Coupon rate</b>	<b>Maturity Date</b>	<b>Size of the issue</b>	<b>Current Rating and Outlook</b>
-	Fund Based Limits - Term Loan	-	-	_*	190.50	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING*
-	Fund Based Limits – Cash Credit	-	-	_*	4.50	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING*
-	Non Fund Based Limits – Bank Guarantee	-	-	-	5.00	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING*

\* Issuer did not co-operate; based on best available information

\*\*limits remain undrawn

Source: STMCP

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### About ICRA Limited:

**ICRA Limited** was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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