



Press Release

Earth Minerals Company Limited

March 10, 2022

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	20.00	IVR BB+ (CE); ISSUER NOT COOPERATING* (IVR Double B plus [Credit Enhancement] Issuer Not Cooperating)	Revised from IVR A (CE); Positive and moved to ISSUER NOT COOPERATING category	Complex
Short Term Bank Facilities	30.00	IVR A4+ (CE); ISSUER NOT COOPERATING* (IVR A four plus [Credit Enhancement] Issuer Not Cooperating)	Revised from IVR A1 (CE) and moved to ISSUER NOT COOPERATING category	Complex
Total	50.00 (Rs. Fifty crore only)			

**Issuer did not cooperate; based on best available information*

Credit Enhancement (CE) rating is backed by unconditional and irrevocable corporate guarantee extended by Hind Energy and Coal Benefication (India) Limited (HECBL).

Details of Facility are in Annexure 1

Detailed Rationale

The ratings downgrade is because of lack of adequate information regarding performance of both Earth Minerals Company Limited (EMCL) and Hind Energy and Coal Benefication (India) Limited (HECBL) and hence the uncertainty around their credit risk. Infomerics assesses whether the information available about the company is commensurate with its rating and reviews the same as per its policy.



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The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide E-mail communications dated January 12, 2022, February 14, 2022 and February 23, 2022, and concurrently over several phone calls. However, despite our repeated requests, the Company has not provided the requisite information for monitoring the rating. Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long-term rating and short-term rating of EMCL for the bank loan facilities aggregating to Rs.50 crore shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the revised long-term rating be noted as IVR BB+ (CE); Issuer Not Co-operating (IVR Double B Plus [Credit Enhancement]; Issuer Not Cooperating) for the long-term bank facilities and short term rating be noted as IVR A4+ (CE); Issuer Not Co-operating (IVR A Four Plus [Credit Enhancement]) for the short-term bank facilities backed by unconditional and irrevocable corporate guarantee extended by Hind Energy and Coal Benefication (India) Limited (HECBL) against the unsupported rating of IVR BB Minus; Issuer Not Cooperating (IVR Double B Minus; Issuer Not Cooperating). The ratings have been revised purely on account of non-availability of requisite information.

Analytical Approach:

Credit Enhancement (CE) Rating: Assessment of the credit profile of Hind Energy and Coal Benefication (India) Limited (HECBL), provider of unconditional and irrevocable corporate guarantee to the bank facilities of EMCL.

Unsupported Rating: Standalone

Applicable Criteria

[Guidelines on what constitutes Non-Cooperation by clients](#)



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[Rating Methodology for Service Sector Companies](#)

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

[Rating Methodology for Structure Debt Transaction \(Non-Securitisation Transaction\)](#)

About the company

Jharsuguda-based EMCL was incorporated in 2002. It was acquired by Hind Group. EMCL is led by Mr. Pawan Kumar Agrawal and Mr. Rajeev Agrawal. It is engaged in coal Beneficiation business in Orissa with an installed capacity of 4.0 MTPA.

Sanctioned bank facilities of EMCL is backed by corporate guarantee from its group concern Hind Energy Coal and Benefication (India) Limited (HECBL; rated IVR A; Positive/A1+ on November 20, 2020), which beneficiates non-coking coal based on Gross Calorific Value (GCV) requirement of the customers like power generating companies, steel and cement companies. Beside coal benfication the company also trades in reject coal, (by-product of Coal Beneficiation process). HECBL currently has coal beneficiation capacity of 6.48 MTPA. Both EMCL and HECBL are managed by the common promoters. As a step towards expanding its operation in Jharsuguda, the promoters have set up another company, M/s. Earth Minerals Company Limited

Financials: EMCL

The company has not yet started operation and will start operating from December mid based on the order bagged from MAHAGENCO.

Financials: HECBL

For the year ended* / As On	(Rs. Crore)	
	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	472.95	534.98
EBITDA	75.38	144.22
PAT	32.34	93.22
Total Debt (Excl. Subordinated Loans)	101.75	62.21
Tangible Net worth	287.12	378.80
EBITDA Margin (%)	15.94	26.96



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Overall Gearing Ratio (x)(Excl. Subordinated Loans)	0.64	0.27
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* As per Infomerics Standard

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Limits - Cash Credit	Long Term	20.00	IVR BB+ (CE); ISSUER NOT COOPERATING*	IVR A (CE);/ Positive (December 18, 2020)	IVR A (CE);/ Positive (November 27, 2020)	
2.	Short Term Non Fund Based Limits – Bank Guarantee	Short Term	30.00	IVR A4+ (CE); ISSUER NOT COOPERATING*	IVR A1 [CE] (December 18, 2020)	IVR A1 [CE] (November 27, 2020)	

* Issuer did not cooperate; based on best available information

Credit Enhancement (CE) rating is backed by unconditional and irrevocable corporate guarantee extended by Hind Energy and Coal Benefication (India) Limited (HECBL).

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About Infomerics:



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Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information 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, suspend 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: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Limits–Cash Credit	-	-	-	20.00	IVR BB+ (CE); ISSUER NOT COOPERATING*
Short Term Non Fund Based Limits–Bank Guarantee	-	-		30.00	IVR A4+(CE); ISSUER NOT COOPERATING*

* Issuer did not cooperate; based on best available information



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Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.

