

Vimal Coal Private Limited

February 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	0.05	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB; Stable
Long Term / Short Term Bank Facilities	99.96	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB; Stable / CARE A3+
Short Term Bank Facilities	49.99	CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE A3+

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) had, vide its press release dated August 16, 2024, placed the ratings of Vimal Coal Private Limited (VCPL) under the 'issuer non-cooperating' category as VCPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. VCPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated January 21, 2025, January 22, 2025, January 23, 2025, January 24, 2025, January 31, 2025. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Ratings of VCPL have been revised pursuant to SEBI's circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 3, 2020, regarding 'Strengthening of the rating process in respect of Issuer Non-Cooperation (INC) ratings. SEBI has in this circular mentioned that "If an issuer has all the outstanding ratings as non-cooperative for more than 6 months, then the CRA shall downgrade the rating assigned to the instrument of such issuer to non-investment grade with INC status".

Ratings assigned to the bank facilities of VCPL continue to remain constrained due to susceptibility of profitability to volatile coal prices and foreign exchange rate fluctuations, intense competition in coal trading business, and exposure to regulatory risk and customer concentration risk.

Ratings, however, continue to derive strength from experience of its promoters, established operations in coal trading business and moderate scale of operations along with moderate profitability. The ratings also factor in moderate capital structure and debt coverage indicators and adequate liquidity.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings' expectation that the company is likely to sustain its scale of operations, backed by growth in volume, sustenance of its moderate leverage and debt coverage indicators, and adequate liquidity in the near to medium term.

Detailed description of key rating drivers:

At the time of last rating on August 16, 2024, the following were the rating strengths and weaknesses. [updated for the information of FY24 (A) available from ROC].

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key weaknesses

Profitability susceptible to volatile coal prices and foreign currency exchange rates

VCPL's profitability inherently remains exposed to any sharp fluctuation in prices of coal, which have historically remained volatile. Various factors affect coal prices, including domestic and global demand-supply scenario, logistics constraints in transportation, and forex rates. Also, while some part of coal procurements is backed by confirmed orders, balance is based on anticipated demand, thus exposing profitability to any sharp fluctuations. VCPL is also exposed to the risk associated with the exchange rate fluctuations, owing to significant proportion of imports. As per the management, VCPL does not hedge its foreign exchange exposure.

Inherent risk associated with trading business and industry wide intense competition and regulatory risk

The company is exposed to competition in the industry with improved availability of domestic coal and low entry barriers. There are many small to medium-sized coal importers with presence of few large-sized coal importers which intensifies competitive pressure. In recent years, government has taken various reforms to improve the domestic production of coal to limit the imports, which may impact the operating performance of players in coal trading business. Government regulations also play a significant role in the industry as any change in duty structures or regulations on trade of coal could impact the industry players' revenue and profitability.

Key strengths

Experienced promoters

Ghanshyam Lakhiani and Suresh Lakhiani, VCPL's promoters, have more than three decades of experience in the coal trading business and are engaged in the day-to-day operations. The management is also assisted by a team of qualified and experienced personnel, who are actively involved in various business functions. The company will benefit from experienced promoters and qualified team in future as well.

Established coal sourcing arrangement

VCPL procures imported coal largely from Indonesia. Over a period, the company has developed good relations with miners and traders in Indonesia. One of the brothers of Suresh & Ghanshyam is based out of Indonesia, who looks after the coal procurement from Indonesia. Around 50% of VCPL's coal requirement is imported, whereas the balance is procured locally from reputed suppliers, such as Adani Enterprises Ltd. and Agarwal Coal Corporation Private Limited.

Moderate scale of operations and profitability, though concentrated customer base

VCPL's TOI declined by ~26% y-o-y from Rs.655.43 crore in FY23 to Rs.485.59 crore in FY24 mainly owing to decline in sales volume as well as sales realisation.

Company has a moderate profitability, marked by profit before interest, lease, depreciation and tax (PBILDT) margin of 6.53% (P.Y.: 5.12%) and profit after tax (PAT) margin of 5.05% (P.Y.: 3.67%) in FY24. Profitability remained moderate with PBILDT margin in the range of 5-9% during last few years, owing to volatile coal prices.

The company's client base includes select reputed players across various industries such as power generation, pharmaceuticals, ceramic, and chemicals. However, its customer base remains concentrated with top 10 customers contributing around 64% of TOI in FY23 (68% in FY22), out of which a single customer forming around 42% (P.Y.: 32%). Thus, timely realisation of debtors shall remain crucial from credit perspective.

Moderate capital structure and debt coverage indicators

The company's overall gearing ratio remained moderate at 0.72x at as on March 31, 2023 (0.74x at FY22-end). It is expected to remain moderate below unity in the projected period. Net worth base is also moderate at around ₹151 crore at FY23-end. Debt coverage indicators remained adequate, marked by interest coverage ratio of 8.25x (P.Y.: 39.68x) in FY23.

Liquidity: Adequate

The company's liquidity remains adequate marked by low scheduled repayment obligation against gross cash accruals (GCA), and moderate utilisation of working capital limits (the company mainly utilises its non-fund-based limits, letter of credit for coal imports). The company's operating cycle stood moderate at 32 days for FY24 with collection period of 30-60 days. The company has moderate inventory period of around 1 to 1.50 months, with some inventory sold in advance and directly shipped at client site. On the supplier side, the company avails credit period of around 50-60 days. The company had moderate average utilisation of its non-fund-based facilities at around 70% for last 12 months ended February 29, 2024. The company also had cash and bank balance (including fixed deposits) of ₹87.16 crore as on March 31, 2024 (₹111.16 crore as on March 31, 2023).

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

VCPL was incorporated on June 07, 2002. It deals in trading imported coal from Indonesia. VCPL primarily deals in low-to medium grade non-coking coal (thermal coal) and its customer base primarily consists of companies involved in ceramic, pharmaceutical, and chemical businesses.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	655.43	485.59
PBILDT	33.58	31.70
PAT	24.06	24.50
Overall gearing (times)	0.72	NA
Interest coverage (times)	8.25	8.39

A: Audited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	0.05	CARE BB+; Stable; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	50.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	10.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	39.96	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	-	49.99	CARE A4+; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	0.05	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (16-Aug-24) 2)CARE BBB; Stable (02-Apr-24)	1)CARE BBB; Stable (27-Sep-23)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (29-Jun-22)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (21-Apr-21)
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	50.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	1)CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING* (16-Aug-24) 2)CARE BBB; Stable / CARE A3+	1)CARE BBB; Stable / CARE A3+ (27-Sep-23)	1)CARE A4; ISSUER NOT COOPERATING* (29-Jun-22)	1)CARE A4+; ISSUER NOT COOPERATING* (21-Apr-21)

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
					(02-Apr-24)			
3	Non-fund-based - ST-Letter of credit	ST	49.99	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A3+; ISSUER NOT COOPERATING* (16-Aug-24) 2)CARE A3+ (02-Apr-24)	1)CARE A3+ (27-Sep-23)	-	-
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	39.96	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	1)CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING* (16-Aug-24) 2)CARE BBB; Stable / CARE A3+ (02-Apr-24)	1)CARE BBB; Stable / CARE A3+ (27-Sep-23)	-	-
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	10.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	1)CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING* (16-Aug-24) 2)CARE BBB; Stable / CARE A3+ (02-Apr-24)	1)CARE BBB; Stable / CARE A3+ (27-Sep-23)	-	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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