

## Integrated Coal Mining Limited

March 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	75.00	CARE A-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to bank facilities of Integrated Coal Mining Limited (ICML) factors in the strong parentage of the company by virtue of it being a part of RP-Sanjiv Goenka (RPSG) Group and strategic importance of this entity to CESC Limited (rated CARE AA; Negative/CARE A1+) which is the group's flagship entity. RPSG is a diversified conglomerate with operations across power and natural resources, infrastructure, carbon black, BPO, education, real estate, retail and media and entertainment. ICML operates as a mine operator for the Sarisatolli Mine, which was awarded to CESC by Ministry of Coal through competitive bidding. The output from this mine is used in the Budge Budge Plant of CESC which is supplying power in Kolkata region where CESC is the distribution licensee. Given lower cost of production by ICML, the output from the mine has historically accounted for ~40% of the plant's overall requirement and is cost competitive against alternative fuel sources such as e-auction/fuel supply agreements which allows better position under the merit order dispatch to the plant. CARE Ratings also notes strong linkage with CESC, need-based support to ICML shall be provided per articulation by CESC's management. ICML also operates a 9 MW solar power project which is supplying power to Gujarat Urja Vikas Nigam Limited (GUVNL) and has been operational since March 2012.

However, rating is constrained by technological risks and dependence on climatic conditions for solar power generation business, regulatory risk in mining sector and high exposure in group companies and corporates as evident from funds of ₹982 crore as on March 31, 2024. The rating is also constrained by lower coal production leading to decline in revenue from mining business in FY24 and 6M FY25 due to pending statutory approval which was received in September 2024 and the production from the mine has improved thereafter. The company's ability to operate the mine at suitable production level aligned with past trends shall be critical since the mining revenue is linked to actual production.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in scale of operations with turnover above ₹500 crore on a sustainable basis coupled with diversification and addition of new mining contracts.
- Faster than envisaged de-leveraging

#### Negative factors

- Any Change in the credit profile of CESC
- Decline in receipt of payment from GUVNL for solar project for more than 90 days
- Substantial outflow of funds in the event of unfavourable outcome pertaining to contingent liability on account of service tax matter.
- Total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBIDTA) exceeding 3.5x on a sustained basis.

**Analytical approach:** Standalone

**Outlook:** Stable

The company's stable outlook reflects steady cash generation considering the healthy generation under solar project and mining production. Its importance for CESC is expected to continue to augur well for ICML's credit profile.

### Detailed description of key rating drivers:

#### Key strengths

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Strong promoter group with satisfactory business experience in power sector**

The 'RP-Sanjiv Goenka' group is a leading industrial group of the country having significant presence across diverse business segments such as power and natural resources, infrastructure, carbon black, BPO, education, real estate, retail and media and entertainment. ICML's directors are qualified professionals with long association with flagship entity of the group-CESC (CARE AA; Negative/CARE A1+).

**Strategic importance of the asset to CESC**

ICML acts as mine operator for Sarisatolli Mine which was awarded to CESC through competitive bidding by Ministry of Coal. ICML is supplying coal to CESC at pre-determined rates for utilisation in Budge Budge plant owned by CESC. The plant is supplying power to CESC's Kolkata distribution licensee area.

As articulated by the management, ICML is a strategically important entity for CESC given 25+ years' experience in operating the mine and sustenance of PLF for Budge Budge project. Historically (except FY24) the mine has contributed ~40% coal requirement for the Budge Budge Plant.

**Long-term off-take agreement in the form of PPA at favourable tariff for the 9 MW solar plant**

ICML has entered a long-term power purchase agreement (PPA) with GUVNL for 25 years from COD (March 2012). The tariff is ₹15 per kwh for the first 12 years from COD and ₹5 per unit for the remaining 12 years.

**Low counter party credit risk**

The company acts as a mine operator coal mine of CESC Limited at Sarisatolli, West Bengal and operates a 9 MW solar plant in Kutch, Gujarat. The credit profile of off-takers for mining output and solar power project is strong and the company receives prompt payment from them.

**Key weaknesses****Lower production in mining output in FY24 and H1FY25**

In FY24, the progress of the mining activity including production of coal got impacted pending necessary permission/approval for excavation of a district board road which was passing through the coal mine and was critical for coal production from the mine. Subsequently, the necessary permission/approval was received by September 2024 and mining activity commenced thereon since then. Hence, the production has improved post it. The production was 0.5 MMT till H1 FY25 which improved to 1.15 MT till January 2025. CARE Ratings expects the production to sustain above 1.55 MTPA from FY26 onwards.

**Exposure in group companies and subsidiaries**

ICML's exposure to group companies remains high with loans and investments of ~₹982 crore as on March 31, 2024. The company had also extended loans to its group companies and corporates. (Outstanding balance of loan to group companies and corporates as on March 31, 2023, - ~₹171 crore, as on March 31, 2024, - ~₹35 crore and as on February 28, 2024, - ~₹155 crore). the company has received interest income of ~₹14 crore in FY24 and ~₹11 crore in FY23.

**Regulatory risk in mining sector**

The mining environment in India has been highly uncertain considering issues such as illegal mining and risk attached to mining activities of its client due to sudden change in government policies. In September 2014, the Supreme Court of India had deallocated coal mines. ICML was also impacted by the order as the coal mine at Sarisatolli in Asansol was de-allocated and allocated to CESC Limited effective April 01, 2015. Subsequently, ICML has been appointed by CESC to carry out the mining operations.

**Exposure of the project towards climatic conditions and technological risk**

The power generation level of a solar power plant primarily depends upon factors such as solar radiation levels, temperature and climatic conditions, losses in PV systems and transmissions efficiency of the design parameters of the plant and inverters installed, module aging and degradation among others. While losses in PV systems, design parameters, inverter efficiency and module degradation depend on the overall manufacturing pattern and technical soundness of the modules, solar radiance levels and overall climatic conditions are beyond human control and thus have the potential to adversely affect the operational efficiency of a solar power plant.

**Liquidity:** Adequate

The company enjoys satisfactory liquidity position with cash and bank balance of ~₹46 crore as on March 06, 2025. This includes FD with RBL Bank of ~₹38 crore which is unencumbered. The liquidity profile is also marked by timely receipt of dues from strong off-takers under both solar and mining business.

### Applicable criteria

[Policy on Default Recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Infrastructure Sector Ratings](#)

[Manufacturing Companies](#)

[Solar Power Projects](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals and mining	Minerals and mining	Industrial minerals

Integrated Coal Mining Limited (ICML), incorporated in April 1996 belongs to the RP-Sanjiv Goenka group. ICML was formed to develop, supply coal and operate the coal mine for supply to CESC Limited in Sarisatolli in Asansol, West Bengal. ICML commenced its mining operation in May 2002. Presently, ICML acts as the mine operator for CESC's coal mine in West Bengal. ICML also operates a 9 MW solar power plant in Kutch, Gujarat, which commissioned in 2012. It has a long-term PPA (25 years) with Gujarat Urja Vikas Nigam Limited.

Brief Financials (₹ crore)*	FY23 (A)	FY24 (A)
Total operating income	246	171
PBILDT	66	10
PAT	68	33
Overall gearing (times)	0.1	0.1
Interest coverage (times)	7.9	1.0

A: Audited; Note: these are latest available financial results \*Per CARE Methodology

**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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term		-	-	30-06-2030	75.00	CARE A-; Stable

**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-Term Loan	LT	-	-	-	-	1)Withdrawn (19-May-22)	1)CARE A-; Stable (16-Feb-22)
2	Term Loan-Long Term	LT	75.00	CARE A-; Stable				

LT: Long 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	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

To view 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.

## Contact us

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### About us:

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