



# Sindhu Trade Links Limited

Regd. Office : 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi-110035

Ref. No. STLL/BSE-MSE/2024-25/39

Dated 4/12/24

To

**B.S.E. Limited**  
Floor 25, P.J Towers,  
Dalal Street,  
Mumbai- 400001

**National Stock Exchange of India Limited**  
Exchange Plaza, 5th Floor, Plot No. C/1,  
G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051

BSE Scrip Code: 532029

NSE Symbol: SINDHUTRAD

**Subject: Rating Issued by India Ratings and Research (Ind-Ra): Announcement under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.**

Dear Sir,

In accordance with Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that India Ratings and Research (Ind-Ra) has issued/upgraded its rating on M/s Sindhu Trade Links Limited to B+. The details of the same is enclosed herewith for your perusal.

This is for your information and record please.

Thanking You,  
Yours faithfully,

**For Sindhu Trade Links Limited**

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Authorized Signatory

## India Ratings Upgrades Sindhu Trade Links's Bank Facilities to 'IND B+'; Places on Rating Watch with Negative Implications

Dec 03, 2024 | Diversified

India Ratings and Research (Ind-Ra) has taken the following rating actions on Sindhu Trade Links Limited's (STLL) bank facilities:

### Details of Instruments

Instrument Type	Date of issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Term loan	-	-	31 March 2026	INR144 (reduced from INR1,556)	IND B+/Rating Watch with Negative Implications	Upgraded; Placed on Rating Watch with Negative Implications
Fund-based working capital limit	-	-	-	INR120 (reduced from INR650)	IND B+/Rating Watch with Negative Implications/IND A4/Rating Watch with Negative Implications	Upgraded; Placed on Rating Watch with Negative Implications
Non-fund-based working capital limit	-	-	-	INR81 (reduced from INR1,930)	IND B+/Rating Watch with Negative Implications/IND A4/Rating Watch with Negative Implications	Upgraded; Placed on Rating Watch with Negative Implications

### Analytical Approach

Ind-Ra continues to take a fully consolidated view of STLL and its subsidiaries and associates on account of strong legal, operational and strategic linkages among them while arriving at the ratings.

### Detailed Rationale of the Rating Action

The upgrade reflects an improvement in STLL's consolidated credit profile, with its EBITDA increasing in FY24, supported by an improvement in the coal transportation and coal mining segments. However, the company's debt remained elevated despite a reduction and the agency expects the debt to decline over FY25-26, led by scheduled debt repayments. Ind-Ra believes STLL's ability to make scheduled debt repayments in FY25 depends on the ramp up and profitability of its overseas coal mining operations.

Ind-Ra has placed the ratings on Rating Watch with Negative Implications following a lack of clarity on the final resolution of its Oceania Resources Pty. Ltd. (ORPL)'s deed administrators and the possibility of the invocation of the corporate guarantee (CG). STLL had provided a CG worth USD70 million to its step-down subsidiary, ORPL, against the term loan of USD60 million which was extended to Griffin Coal Mining Company (GCMC) for ramping up its coal production. ORPL was placed under voluntary administration in October 2023 by way of director's resolution on account of a delay in debt

servicing. Post-voluntary administration, the deed of company arrangement allows the deed administrators to conduct further investigations into ORPL's business, property and affairs for up to 12 months to explore the possibility of a restructure or recapitalisation to determine the likely outcome for the creditors based on their best interests. Ind-Ra will continue to monitor the final outcome of ORPL's deed administrators and the liquidity situation in the short term.

## List of Key Rating Drivers

### Weaknesses

- Moderate credit metrics
- Delay in ORPL's debt servicing despite being placed under voluntary administration; resolution awaited

### Strengths

- Rise in revenue and EBITDA
- Coal mining and transportation segment drives growth
- Improvement in coal mining operations

## Detailed Description of Key Rating Drivers

**Moderate Credit Metrics:** STLL's consolidated net leverage (net debt/EBITDA) reduced to 6.66x in FY24 (FY23: 31.62x), led by debt repayments and an increased EBITDA. The interest coverage (EBITDA/interest expenses) stood at 0.70x in 1HFY25 (FY24: 0.96x; FY23: 0.32x). STLL's gross debt decreased to INR8,803 million at 1HFYE25 (FYE24: INR10,167 million; FYE23: INR16,381 million). Of this, the external term debt reduced to INR3,782 million at 1HFYE25 (FYE24: INR4,941 million; FYE23: INR6,221 million) followed by inter corporate deposits (INR2,899 million; INR2,971 million; INR4,404 million); convertible loan from others (nil; nil; INR3,723 million) and the balance from related parties and others. The convertible loan from others reduced to zero, due to its step-down subsidiary, ORPL, being placed under voluntary administration and not being consolidated anymore. During FY24, STLL sold all its investment held in its subsidiary, Hari Bhoomi Communications Private Limited, for a consideration of INR578.4 million, leading to the reduction in its debt and an improvement in cash position. Also, in 1HFY25, STLL's step-subsiary, Param Mitra Coal Resources Pte. Ltd., sold its shareholding in Ocean Pro DWC LLC, which had mining rights in two Indonesian mines at a consideration of around INR1,255 million and utilised the same to pare down the debt.

Apart from it, the company has given CG to its subsidiaries worth INR7,920 million at FYE24 (FYE23: INR7,714 million). Ind-Ra expects the net leverage to moderate to around 4x in FY25 on account of the ramp up of its coal mines and continued stable operational performance from the transportation segment.

**Delay in ORPL's Debt Servicing despite being Placed under Voluntary Administration; Resolution Awaited:** STLL had provided the CG for USD70 million to ORPL against the term loan worth USD60 million which was extended to GCMC for ramping up its coal production. ORPL's loan to GCMC enjoys senior ranking among the lenders. Following a delay in debt servicing of the same, ORPL was placed under voluntary administration in October 2023 by way of director's resolution. Post the voluntary administration, the deed of company arrangement allows deed administrators to conduct further investigations into ORPL's business, property and affairs for up to 12 months to explore the possibility of a restructure or recapitalisation of the company to determine the likely outcome for the creditors based on their best interests. As per the management, the lenders, GCMC and other involved parties have finalised a business continuity agreement, under which the lenders including ORPL would be entitled to royalty payments on the coal sold for the recovery of their dues. The timely resolution and business continuity of GCMC will lead to the improvement in ORPL's liquidity position and debt servicing ability. However, given that ORPL's loan is backed by the CG of STLL, Ind-Ra has placed the ratings on Rating Watch with Negative Implications given the lack of clarity on the final resolution of ORPL's deed administrators and the possibility of the invocation of the CG. Ind-Ra will continue to monitor the final resolution of ORPL's deed administrators and liquidity situation in the short term.

**Rise in Revenue and EBITDA:** STLL's consolidated revenue stood at INR9,236 million in 1HFY25 (FY24: INR16,861 million; FY23: INR11,767 million) while the EBITDA stood at INR475 million (INR1,372 million; INR507 million), on account of the ramp up of its operations in the overseas coal mining operations.

**Coal Mining and Transportation Segment Drives Growth:** STLL's overseas coal mining and trading remained the top contributor to revenue at 73% in 1HFY25 (FY24: 52%; FY23: 47%), followed by transportation, logistics, mining and construction 20% (28%; 26%), power generation 3% (4%; 3%), oil and lubricants 1% (2%; 7%); media 0% (11%; 14%) and others 3% (3%; 3%).

Ind-Ra expects the coal mining segment to continue to drive revenue in the near- to medium term whereas the transportation segment contribution to remain stable to the revenue.

**Improvement in Coal Mining Operations:** STLL through its step-down subsidiary Param Mitra Coal Resources Pte. Ltd., holds a mining exploration permit for operating two coal mines namely, Rencana Mulia Bratama (RMB) and Indo Bara Pratama (IBP), in Indonesia that have combined coal reserves of about 460 million tonnes (MT). RMB started production in FY19 while IBP started production in April 2023. The infrastructure for evacuation of the coal in the mines have been ramped up in the past few years, leading to an increase in the mining volumes. The company achieved coal sales of around 2.19MT in 1HFY25 (FY24: 2.63MT; FY23: 1.71MT). The average realisation stood at USD35-37 per tonne in 1HFY25 (FY24: USD35-39; FY23: USD40-43). These mines also have around 25% domestic market obligations of its total coal production. Furthermore, the management expects the volumes to ramp up to 6 million tonnes per annum over the next one year. This will improve the scale and profitability of the company and hence, which would be a key monitorable. However, volatility in coal prices and inability to find buyers for increased targeted production levels could adversely affect the segment's EBITDA.

## Liquidity

**Poor:** STLL's liquidity remained poor given the high debt and interest obligations. The unencumbered cash and cash equivalent increased to INR1,175 million in 1HFYE25 (FYE24: INR1,033 million; FYE23: INR357 million), led by its increased EBITDA. STLL's average monthly peak utilisation of the fund-based working capital limits of INR220 million was 39% for the 12 months ended September 2024. However, the average utilisation increased to around 80% for 2QFY25. The net working capital to sales ratio on an annualised basis decreased to 7% in 1HFY25 (FY24: 12%; FY23: 27%) on account of the increase contribution of the coal mining segment and a decrease in trade payables. STLL has scheduled external term debt repayment of around INR603 million and INR677 million in FY25 and FY26, respectively. The cashflow from operations remained positive at INR1,143 million in 1HFY25 (FY24: INR5,490 million; FY23: negative INR2,526 million) due to favourable changes in the working capital requirements and the increased EBITDA. Ind-Ra believes STLL's ability to make the scheduled debt repayment in FY25 depends on the continued performance of its overseas coal mining. The crystallisation of any liability on account of the invocation of STLL's CG on ORPL's debt will remain a key monitorable. Furthermore, Ind-Ra will continue to monitor the liquidity situation in the short term.

## Rating Sensitivities

The Rating Watch with Negative Implications indicates that the ratings might be affirmed or downgraded upon resolution. Ind-Ra will resolve the Rating Watch upon receiving clarity on the final resolution of ORPL's deed administrators, post its voluntary administration, on their restructure or recapitalisation plan and the possibility of the invocation of STLL's CG. Ind-Ra believes ORPL's deed administrators' final resolution would come by February 2025.

## Any Other Information

**Standalone Performance:** STLL's revenue stood at INR2,385 million in 1HFY25 (FY24: INR5,583 million; FY23: INR4,435 million) and the EBITDA at INR571 million (INR774 million; INR513 million). STLL's standalone operations mainly consist of logistics, transportation, and oil and lubricants businesses. STLL total adjusted debt including its CG for the subsidiaries' coal operations stood at INR11,485 million at FYE24 (FYE23: INR11,618 million). However, its net adjusted leverage reduced but remained elevated at 14.79x in FY24 (FY23: 22.56x) on account of the increased EBITDA. STLL's interest coverage stood at 2.67x in 1HFY25 (FY24: 1.63x; FY23: 1.12x).

## About the Company

STLL engages in the business of transportation services, along with the trading of oil and lubricants. Its subsidiaries are engaged in automobiles and spare parts, bio-power generation and coal mining operations.

## Key Financial Indicators

### CONSOLIDATED

Particulars	1HFY25	FY24	FY23
Revenue (INR million)	9,236	16,861	11,767
Operating EBITDA (INR million)	475	1,372	507
EBITDA margin (%)	5.1	8.1	4.3
Gross interest expense (INR million)	681	1,429	1,607
Interest coverage (x)	0.70	0.96	0.32
Net leverage (x)	-	6.66	31.62
Source: STLL, Ind-Ra			

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (million)	Rating	6 December 2023	18 September 2023	30 November 2022	1 September 2021
Issuer rating	Long-term	-	-	-	WD	IND D(ISSUER NOT COOPERATING)	IND D(ISSUER NOT COOPERATING)
Fund-based working capital limit	Long-term/Short-term	INR120	IND B+/Rating Watch with Negative Implications /IND A4/Rating Watch with Negative Implications	IND D(ISSUER NOT COOPERATING)	-	IND D(ISSUER NOT COOPERATING)	IND D(ISSUER NOT COOPERATING)
Non-fund-based working capital limit	Long-term/Short-term	INR81	IND B+/Rating Watch with Negative Implications /IND A4/Rating Watch with Negative Implications	IND D(ISSUER NOT COOPERATING)	-	IND D(ISSUER NOT COOPERATING)	IND D(ISSUER NOT COOPERATING)
Term loan	Long-term	INR144	IND B+/Rating Watch with Negative Implications	IND D(ISSUER NOT COOPERATING)	-	IND D(ISSUER NOT COOPERATING)	IND D(ISSUER NOT COOPERATING)

## Bank wise Facilities Details

### Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund-based working capital limit	Low
Non-fund-based working capital limit	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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## APPLICABLE CRITERIA AND POLICIES

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### Parent and Subsidiary Rating Linkage

### Evaluating Corporate Governance

### Short-Term Ratings Criteria for Non-Financial Corporates

### Corporate Rating Methodology

### Policy for Placing Ratings on Rating Watch

### The Rating Process

## Default Recognition and Post-Default Curing Period

### DETAILED FINANCIAL SUMMARY

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