

## KSK Mineral Resources Private Limited

Instrument	Amount	Rating Action
	In Rs Crores	September, 2016
Term loans	451.00	Revised to [ICRA]C from [ICRA]BB (Negative)

ICRA has revised the long term rating to [ICRA]C (pronounced ICRA C) from [ICRA]BB (pronounced ICRA double B)<sup>1</sup> for Rs. 451 crore<sup>2</sup> term loan facilities of KSK Mineral Resources Private Limited (KMRPL).

ICRA's rating action on KMRPL follows the rating revision for its end use project, 3600 MW thermal power project by KSK Mahanadi Power Company Limited (KMPCL) (ratings revised to [ICRA]D / [ICRA]D from [ICRA]BB (Negative)/[ICRA]A4). The rating also factors in the delay in receipt of refund for KMRPL from the new allottee of the Gare Pelma III mine. KMRPL was developing this mine prior to its de-allocation as per Supreme Court order dated September 24, 2014.

ICRA takes note of the provisions in "The Coal Mines (Special Provisions) Act, 2015" notified by Government of India, for treatment of rights and obligations of prior allottees of coal blocks, including expenses incurred by the prior allottees for land acquisition and other mining infrastructure. In case of Gare Pelma III, land acquisition was being undertaken through the state government route, wherein the compensation payable to the private land owners was deposited by KMRPL with the sub-divisional magistrate of the region. As per the documents shared with ICRA, KMRPL has claimed capital investment of Rs. 265.05 crore from the new allottee of Gare Pelma III mine. This amount has been claimed by Goa Industrial Development Corporation (GIDC) on behalf of KMRPL as the coal mine was allocated to GIDC earlier. The refund from the new allottee shall be utilized towards repayment of debt availed for development of the Gare Pelma III coal mine.

### Company Profile

KMRPL is a special purpose vehicle promoted by the Hyderabad based KSK Group for development of captive coal/lignite mines for fuel supply to power projects promoted by the group. KSK group is currently implementing a 3600 MW thermal power project at Nariyara village, Janjgir-Champa District of Chhattisgarh. The project had earlier tied-up with the state government of Goa (Gare Pelma III coal block) for supply of fuel from the coal block allocated to the state through the government dispensation route in return for supply of power at subsidized rates. The development of the Gare Pelma III coal block was being undertaken by KMRPL on behalf of Goa Industrial Development Corporation (GIDC). However, with the Supreme Court of India cancelling all but few coal mine allocations made since 1993, the allocation of Gare Pelma III to GIDC was cancelled. The coal mine is now allocated to Chhattisgarh State Power Generation Company Limited and KMRPL has claimed refund of capital investment incurred on the development of Gare Pelma III from the new allottee.

KSK Group promoted by Mr. K.A. Sastry and Mr. S. Kishore, is involved in development and operation of power projects. KSK Power Ventur Plc, based in the Isle of Man, is the principal holding company of the group holding investments in KSK Energy Ventures Limited (KSKEVL) and KSK Energy Company Private Limited (KECPL). KSKEVL in turn serves as the holding company for the group's investments in operational and prospective power projects while KECPL serves as the holding company for other activities of KSK allied to power generation. The group has operational power projects with capacity aggregating to 2062 MW, including the 1200 MW by KMPCL.

**September 2016**

<sup>1</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.

<sup>2</sup> Rs 1 Crore = Rs 100 Lakh = Rs 10 Million



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