



Press Release

Shri Sourab Sagar Trading Company Private Limited

December 31, 2024

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	145.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
2.	Short Term Bank Facilities	5.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total		150.00	(Rupees One Hundred Fifty Crore Only)			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed the long-term rating at IVR BBB- with a Stable outlook and short-term rating at IVR A3 to the bank loan facilities of Shri Sourab Sagar Trading Company Private Limited (Shri Sourab Sagar).

The rating assigned to Shri Sourab Sagar continues to derive comfort from experienced promoters with long track record of operations, improved scale of operations and healthy order book position, besides comfortable debt protection metrics. However, these rating strengths remain constrained by order execution risk and presence of the company in highly competitive industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that the company's business & financials risk profile will be maintained over the medium term. The company has a healthy order book which provides revenue visibility in the short to medium term.



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IVR has principally relied on the standalone audited financial results of Shri Sourab Sagar up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and three years projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), along with publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Consistent increase in scale of operations as projected and maintaining the profitability & debt protection metrics at comfortable level.
- Improvement in the capital structure as marked by overall gearing remaining below 2.00x on a sustained basis.

Downward Factors

- Moderation in the scale of operations led by moderation in order book and/or profitability impacting the liquidity profile of the company.
- Deterioration in profitability margins and cash accruals of the company leading to stretched liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with long track record of operations:

The company has long track record of operations for over a decade. The directors of the company, Mr. Amit Jain, Mr. Ajay Kumar and Mr. Sourabh Jain have more than a decade of experience in trading of construction materials and construction business, they collectively look after the overall operations of the company.

Improved scale of operations and good order book position:

The company's total operating income (TOI) has increased from Rs. 87.92 crore in FY23 to Rs. 321.58 crore in FY24, on the back of a large number of transportation orders executed for National Thermal Power Corporation Limited (NTPC Limited) during the year. In H1FY25, the company has booked turnover of ~Rs 161 crore. Currently the company has total o/s order book of ~Rs 700 crore, out of which orders amounting to ~Rs. 413 crore are from its major



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client NTPC Limited, having execution period of 12 to 18 months which provides revenue visibility in the short to medium term.

Comfortable debt protection metrics:

The debt protection metrics of the company are comfortable marked by interest service coverage ratio (ISCR) of 4.64x in FY24. (PY: 1.96x) and debt service coverage ratio (DSCR) of 3.72x in FY23 (PY:1.67x). Total debt/EBITDA ratio is comfortable at 2.63x in FY24 (PY: 4.66x).

Key Rating Weaknesses

Orders execution & customer concentration risk:

Given the nature of projects awarded mainly through government entity, the company is exposed to inherent risk in terms of delays in execution of certain orders which may arise due to arranging infrastructure and sanction of working capital limits for the completion of orders, resulting in a delay in the realization of revenue. In addition to that, currently company has a low capital base as compared to the size of the order book. Company is also exposed to customer concentration risk as more than 90% of its revenue is generated from NTPC Limited and Tata Projects Limited. However, the risk is mitigated to an extent as both the companies are well known and reputed. Also, company has established good business relation over the years reflected in regular orders being received by the company.

Presence in a highly competitive industry:

Shri Sourab Sagar faces direct competition from various organized and unorganized players in the market. There are a number of small and regional players catering to the same market which has limited the bargaining power of the company and has exerted pressure on its margins. Further, the company majorly undertakes projects which are awarded through the tender based system. This exposes the company towards risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. Apart from this, any changes in the government policy or government spending on projects are likely to affect the revenues and profits of the company.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)

[Rating Methodology for Service Sector Companies.](#)

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

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity of the company remains adequate marked by satisfactory cash accrual of Rs 12.90 crore with minimal amount of long-term loan repayment in FY24. Going forward its expected cash generation is ~Rs 16-20 crore during FY25-27 against the scheduled repayment of ~Rs 1-7 crore. The company has a satisfactory current ratio of 1.11x and cash & cash equivalent of ~Rs. 13 crore as on March 31, 2024. The average working capital utilisation of the company remained moderate at ~67% during the past 12 months ended November 2024. Going forward, in case of substantial increase in scale of operations, enhancement in bank lines remains critical to efficiently manage liquidity.

About the Company

Shri Sourab Sagar Trading Company Private Limited (Shri Sourab Sagar) was incorporated in March 2012, as a private limited company having registered office in Delhi. The company is primarily engaged in providing transportation services, majorly to NTPC Ltd, all over India and it is also a bulk supplier/vendor of construction material (filling sand, fine sand, aggregates, brick and ballast etc). The company is also one of the biggest supplier of ballast to Tata Projects Limited in DFCC (Dedicated Freight Corridor Corporation) projects. It has its own stockyard of aggregates and sand in Kundli Industrial Area, Sonipat. Some of the renowned clients of the company includes NTPC Ltd, Tata Projects Ltd, Shapoorji Pallonji & Co Private Ltd, Larsen & Toubro Limited, Nuvoco Vistas Corporation Ltd, ACC Ltd etc.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	87.92	321.58
EBITDA	5.12	21.40
PAT	2.03	12.47
Total Debt	23.86	56.36
Tangible Net Worth	7.04	19.65
EBITDA Margin (%)	5.82	6.65
PAT Margin (%)	2.30	3.87
Overall Gearing Ratio (x)	3.39	2.87
Interest Coverage (x)	1.96	4.64

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-2022
1.	Long Term Bank Facility – Fund Based	Long Term	145.00	IVR BBB-/ Stable	IVR BBB-/ Stable (October 25, 2023)	-	-
2.	Short Term Bank Facility- Non Fund Based	Short Term	5.00	IVR A3	IVR A3 (October 25, 2023)	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	May 2044	9.12	IVR BBB- /Stable
WCDL	-	-	-	December 2025	37.46	IVR BBB- /Stable
Cash Credit	-	-	-	-	15.00	IVR BBB- /Stable
Dropline Overdraft	-	-	-	-	35.00	IVR BBB- /Stable
Proposed Bank Facilities- WCDL/OD	-	-	-	-	48.42	IVR BBB- /Stable
Bank Guarantee	-	-	-	-	5.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Shri-Sourab-Sagar-31dec24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: 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.