



Press Release

Sravan Shipping Services Private Limited (SSSPL)

December 20, 2024

Ratings

Instruments / Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	132.73 (increased from 109.85)	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	Reaffirmed	Simple
Short Term Facilities	28.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Reaffirmed	Simple
Total	Rs. 160.73 Cr (Rupees One Hundred and Sixty Crore and Seventy-Three Lakh 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

The reaffirmation of the ratings assigned to the bank facilities of Sravan Shipping Services Private Limited (SSSPL) continues to factor in the experienced management and established track record of the company, integrated end-to-end logistic services, established infrastructure and large fleet of owned vehicles ensuring reliable services, diversified customer base across varied industry verticals and reputed clientele and comfortable capital structure.

The ratings, however, are constrained by the volatile revenue & EBITDA margin, moderate debt protection metrics and susceptibility to competitive landscape.

Stable outlook indicates that the company is expected to continue to get benefits out of long-standing experience of the promoters in the shipping industry, integrated end to end logistics services and diversified customer base.



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Key Rating Sensitivities:

Upward Factors

- Sustained growth in revenue while retaining the operating profit margin, resulting in higher net cash accruals and improved debt coverage indicators.
- Specific credit metrics for rating upgrade include DSCR of more than 1.5X on a sustained basis.

Downward Factors

- Significant decline in revenue and profitability
- Delays in receiving payments from customers resulting in stretched working capital cycle would be sensitive to the liquidity profile and any deterioration in the same would be a negative trigger.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management and established track record of the company

The company caters to logistics industry in India. The company has strong and established track record of more than 25 years and has built a strong market position through its quality services evident by its past track record and repeated orders from its clients. SSSPL is promoted by Mr. G Sambasiva Rao, who has experience of nearly three decades in this line of business. The company's management team has rich experience of the logistics industry.

Integrated end-to-end logistics services

Company offers integrated operating model ensuring efficient consignment distribution and providing integrated logistics solutions for its clients, which has resulted in enhanced cost efficiencies for its clients. Integrated, end-to-end logistics services focus on creating solutions that address the requirements of its clients. Company offers various services ranging from freight & forwarding, transportation, customs clearance, warehousing, and other value-added services.



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Established infrastructure and large fleet of owned vehicles ensuring reliable services

SSSPL is engaged in end-to-end logistics and services and is specialized in handling bulk cargo at Vizag, Gangavaram, Kakinada and Krishnapatnam Ports and containerized cargo at VCTPL, Visakhapatnam. It owns a fleet of Restackers, Tippers, Front end loaders, JCB loaders, Cranes, Forklifts etc. SSSPL has also developed a railway siding with the help of Vizag Port Trust, adjacent to SSSPL's warehouse complex. It has its own warehousing facilities in Visakhapatnam, Gangavaram and Kakinada ports besides having an overall 50 Acres of open yard for stacking/ storing of containers and various bulk and break-bulk materials.

Diversified customer base across varied industry verticals and reputed clientele

SSSPL has already established a large customer base covering various industries like Fertilizers, Fertilizer raw materials, Chemicals and Pharma, Food grains, Coal, Iron Ore, Steel, Cement, Petroleum products, Refractory Raw Material, Sulphur, Steel Cargo, Steam Coal, Iron Ore, Manganese Ore, Steel Billets, Urea, MOP, DAP, Ammonium Nitrate, and food grains viz., Soya, Rice, Maize, Raw Sugar etc. The company has established long term relationships with reputed PSUs and private companies viz ITC Ltd, The Andhra Sugars Ltd, Maerskline India Pvt Ltd, Andhra Organics Ltd., BEC Fertilisers Ltd, Bharat Petroleum Corporation Limited, Tata steels etc. The longstanding relationships with some of the clients exceeds 10 years, which translates into repeat business for the company.

Comfortable capital structure

The company's capital structure stood comfortable marked by Gearing and TOL/TNW of 0.72 times and 0.88 times respectively as on 31 Mar 2024 in comparison to 0.75 times and 0.90 times respectively as on 31 Mar 2023.

Key Rating Weaknesses

Volatile revenue & EBITDA margin

The total operating income of the company stood at Rs 250.20 Cr in FY24 (Refers to period April 1st, 2023 to March 31st, 2024) (FY23: Rs 211.58 Cr, FY22: 243.16 Cr, FY21: 157.31 Cr). EBITDA margin remained volatile marked by 19.33% in FY24 (FY23: 20.50%, FY22: 17.45%).



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Moderate debt protection metrics

Debt protection metrics were moderate with DSCR of 1.11 times as on 31 Mar 2024 (1.10 times as on 31 Mar 2023). However, ISCR stood comfortable at 3.86x in FY24 (FY23: 3.58x).

Trade restrictions could materially and adversely affect business, financial condition, and results of operations

Company is engaged in business of integrated logistics services and solution to transport cargo. Its business may be affected by trade restrictions implemented by countries or territories in which its customers are located or in which its customers' products are manufactured or sold. In addition, trade and political issues, tensions and conflicts may cause delays and interruptions in transportation and result in limitations on company's business.

Susceptibility to competitive landscape

Keeping in view the low entry barriers, the logistics industry is marked by a large number of unorganized players and is highly fragmented. Further, with commoditized nature of activity relating to customs clearance, freight forwarding etc, the players' ability to increase pricing is limited. Though the larger players who offer end to end solutions tend to have better competitive advantage vis-a vis smaller players, the company's operations are exposed to intense competition for cargo handling from other established players.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

[Criteria on assigning rating outlook](#)

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

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

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



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Liquidity – Adequate

The liquidity position of the company is adequate on account of moderate utilisation of working capital facilities at ~66% for the past 12 months ended September 2024. Current ratio stood comfortable at 1.96x as on March 31, 2024. Gross cash accruals are adequate to meet the debt repayment obligations for the respective years. Also, the company's cash and bank balance stood moderate at Rs.6.05 Crore as of March 31, 2024. The Operating Cycle remained moderate at 54 days in FY24.

About the Company

Sravan Shipping Services Private Limited (SSSPL) is a company established at Visakhapatnam, Andhra Pradesh, India, in August 1997. It is being managed by Mr. G. Sambasiva Rao as Managing Director and CEO, and Mrs. G. Hanumasree, Mr. G. Sravan Kumar, Mr. G. Varun Kumar as directors. Sravan group has already established a large customer base covering various industries like fertilizers, fertilizer raw materials, chemicals and pharma, food grains, coal, iron ore, steel, cement, petroleum products, sugar etc., and is specialized in handling bulk cargo at Vizag Port, Gangavaram Port and Kakinada Port and containerized cargo at Visakha Container Terminal Private Limited (VCTPL), Visakhapatnam.

Financials (Standalone):

For the year ended* / As on	INR in Crores	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	211.58	250.20
EBITDA	43.37	48.35
PAT	15.90	16.49
Total Debt	113.22	124.34
Tangible Net worth	151.76	172.87
EBIDTA Margin (%)	20.50	19.33
PAT Margin (%)	7.50	6.58
Overall Gearing Ratio (X)	0.75	0.72
Interest Coverage (X)	3.58	3.86

**Classification as per infomerics' standards*



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Status of non-cooperation with previous CRA:

Brickwork ratings has continued to classify the rating as ISSUER NOT COOPERATING category vide PR dated April 30th, 2024 on account of non-availability of information.

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding /Proposed (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 2021-22
					Date (October 04, 2023)	Date (July 05, 2022)	Date (Month XX, 20XX)
1.	Term Loan* (Outstanding)	Long Term	86.16	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Positive	-
2.	Cash Credit	Long Term	20.50	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Positive	-
3.	DLOD	Long Term	26.07	IVR BBB+/ Stable	-	-	-
4.	Bank Guarantee	Short Term	10.00	IVR A2	IVR A2	IVR A2	-
5.	Inland LC	Short Term	18.00	IVR A2	IVR A2	IVR A2	-

*Includes covid loan, vehicle loan/ equipment loan and term loans.

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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



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from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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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.

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Annexure 1: Facility Details

Sl. No.	Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Cr.)	Rating Assigned/ Outlook
1	Term Loan (Outstanding)	-	-	-	Up to May 2037	86.16	IVR BBB+/ Stable
2	Cash Credit	-	-	-	-	20.50	IVR BBB+/ Stable
3	DLOD	-	-	-	-	26.07	IVR BBB+/ Stable



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4	Bank Guarantee	-	-	-	-	10.00	IVR A2
5	Inland LC	-	-	-	-	18.00	IVR A2

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Sravan-Shipping-20dec24.pdf>

Annexure 3: Detailed explanation of covenants of the rated 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