



Press Release
SENDOZ IMPEX LIMITED
November 20, 2023
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.00	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	52.26	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	10.00	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	66.26	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and the short-term rating of '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs. 62.26 Cr bank facilities of Sendoz Impex Limited (SIL). The outlook remains '**Stable**'.

Acuite has assigned the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs. 4.00 Cr bank facilities of Sendoz Impex Limited (SIL). The outlook is '**Stable**'.

Rationale for rating reaffirmation

The rating reaffirmation takes into account the significant growth in the operating income of the group along with improvement in the profitability margins. The group's revenues increased to Rs. 991.94 Cr in FY2023 (Provisional) as compared to Rs. 804.22 Cr in FY2022 and Rs. 270.75 Cr in FY2021 on account of increase in the average realization over the years. The rating further factors the above average financial risk profile of the company with consistent improvement in the network, gearing and debt coverage indicators over the years. The rating also considers the adequate liquidity profile reflected by the moderately utilized fund-based bank limits and the sufficient cash accruals.

However, the rating is partly offset by the intensive working capital cycle and the group's presence in a regulated industry.

About the Company

Incorporated in 1994, Sendoz Impex Limited (SIL) is based in Kolkata and managed by Mr. Laxman Poddar and Mr. Kishor Kumar Poddar. The company is primarily engaged in the trading of coal. Apart from this, SIL is also involved in coal transportation and logistics services.

About the Group

Incorporated in 1999 and based in Kolkata, Sendoz Commercial Private Limited (SCPL) is engaged in trading of coal apart from providing transportation, logistics and liaising work for companies with coal linkages.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has consolidated the business and financial risk profiles of Sendoz Commercial Private

Limited (SCPL) and Sendoz Impex Limited (SIL), together referred to as the 'Sendoz Group' (SG). The consolidation is in view of the common management, strong operational linkages between the entities and similar line of business.

Extent of Consolidation - Full

Key Rating Drivers

Strengths

Established relationship with customers aided by the experienced management

The group has a long track record of operations spanning over two decades and is supported by the extensive experience of the director, Mr. Laxman Poddar, who possesses over five decades of industry expertise. With the promoters' support, the group has established healthy relationships with the customers and suppliers. The customer base comprises of Alps Mining Services Private Limited (rated at ACUITE BBB+/ Stable), GMR Kamalanga Energy Limited, among others.

Acuité believes that, the group's long presence in the industry and the experienced management will continue to support the growth plans going forward over the medium term.

Consistently growing scale of operations coupled with improvement in margins

The operating income of the group has significantly improved over the last two years with revenues achieved to the tune of Rs. 991.94 Cr in FY2023 (Provisional) as compared to Rs. 804.22 Cr in FY2022 and Rs. 270.75 Cr in FY2021, thereby, registering a CAGR of 91 per cent over the two years. The upsurge in the revenues is driven by the increase in the average realization of the group. The growth is further supported by the presence of high demand in the industry.

Moreover, the operating margin of the group rose to 7.47 per cent in FY2023 (Provisional) as against 6.67 per cent in FY2022 owing to decline in the freight costs and transportation charges over the same period. Also, the PAT margin increased to 4.28 per cent in FY2023 (Provisional) as compared to 3.45 per cent in FY2022. The RoCE levels stood at a comfortable level of about 30.21 per cent in FY2023 (provisional) as against 24.95 per cent in FY2022.

Acuité believes that, going forward, the scale of operations will remain healthy aided by the steady demand for coal in the market over the medium term.

Above average financial risk profile

The group's above average financial risk profile is marked by improvement in the networth base, comfortable gearing and healthy debt protection metrics. The adjusted tangible net worth of the group increased to Rs. 175.54 Cr as on March 31, 2023 (Provisional) from Rs. 133.08 Cr as on March 31, 2022 due to accretion of reserves. Acuité has considered unsecured loans to the tune of Rs.22.50 Cr as on March 31, 2023 as part of networth as these loans are subordinated to bank debt. Gearing of the group also improved to 0.49 times as on March 31, 2023 (Provisional) as compared to 0.74 times as on March 31, 2022. The promoters have extended significant financial support to the group, via unsecured loans to cover working capital and debt obligations. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.83 times as on March 31, 2023 (Provisional) as against 2.12 times as on March 31, 2022. The healthy debt coverage indicators of the group are marked by Interest Coverage Ratio at 4.42 times and Debt Service Coverage Ratio at 2.36 times as on March 31, 2023 (Provisional). Net Cash Accruals/Total Debt (NCA/TD) stood at 0.51 times as on March 31, 2023 (Provisional).

Acuité believes that, going forward, the financial risk profile of the group will remain healthy over the medium term in the absence of major debt funded capex plans.

Weaknesses

Working capital intensive nature of operations

The working capital cycle of the group is intensive in nature marked by improving but high Gross Current Assets (GCA) of 170 days as on 31st March 2023 (provisional) as compared to 177 days in 31st March 2022. The high GCA days is on account of high level of current assets

due to significant advances given to suppliers. However, the debtor period improved to 53 days as on 31st March 2023 (Provisional) as compared to 87 days as on 31st March 2022 due to increase in the billing efficiency. Further, the inventory period stood comfortable at 27 days in 31st March 2023 (Provisional) as compared to 21 days in 31st March 2022.

Acuité believes that the working capital operations of the group will remain around similar levels over the medium term owing to the nature of the industry.

Presence in a regulated industry

Coal traded and transported by the Sendoz group find their end use by companies involved in power generation, manufacturing of cement and iron & steel. The consumers that Sendoz group caters to are under high regulation from the government. Also there are many suppliers in the coal industry catering to these end user segments. Any policy changes affecting the highly regulated coal industry or its end users will impact the financial risk profile of Sendoz group. Acuite believes the ability of Sendoz group to grow in such conditions and maintain its profitability will be key monitorable in the future.

Rating Sensitivities

Sustaining the growth in scale of operations and profitability margins

Sustenance of the capital structure

Elongation in the working capital cycle

All Covenants

None

Liquidity Position

Adequate

The group's adequate liquidity is marked by steady net cash accruals of Rs.43.68 Cr as on March 31, 2023 (provisional) as against long term debt repayment of Rs.8.66 Cr over the same period. The fund-based limit remained moderately utilized at 71 per cent over the six months ended July, 2023. The unencumbered cash and bank balances of the group stood at Rs. 2.72 Cr as on March 31, 2023 (Provisional). The current ratio stood comfortable at 1.60 times as on March 31, 2023 (Provisional). However, working capital management of the group is intensive in nature marked by Gross Current Assets (GCA) of 170 days in 31st March 2023 (Provisional) as compared to 177 days in 31st March 2022 on account of high level of current assets due to significant advances given to suppliers.

Acuité believes that going forward the group will maintain adequate liquidity position owing to steady accruals.

Outlook: Stable

Acuité believes that the outlook of the group will remain 'Stable' over the medium term on account of healthy scale of operations, improvement in margins, the above average financial risk profile of the group and the adequate liquidity. The outlook may be revised to 'Positive' in case of significant growth in the scale of operations along with substantial improvement in the profitability margins, financial risk profile and working capital management. Conversely, the outlook may be revised in case of weakening of its business risk profile, lower coal offtake and deterioration in profitability margins thereby impacting the liquidity and debt protection indicators of the group.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	991.94	804.22
PAT	Rs. Cr.	42.49	27.71
PAT Margin	(%)	4.28	3.45
Total Debt/Tangible Net Worth	Times	0.49	0.74
PBDIT/Interest	Times	4.42	3.36

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Oct 2023	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Term Loan	Long Term	1.63	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	19.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Covid emergency line	Long Term	1.14	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Covid emergency line	Long Term	1.90	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Proposed Bank Facility	Long Term	0.16	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	16.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Covid emergency line	Long Term	1.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Term Loan	Long Term	0.93	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Bank Guarantee	Short Term	4.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee	Short Term	6.00	ACUITE A2+ (Upgraded from ACUITE A2)
02 Aug 2022	Bank Guarantee	Short Term	4.00	ACUITE A2 (Assigned)
	Covid emergency line	Long Term	2.80	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	2.94	ACUITE BBB Stable (Assigned)
	Covid emergency line	Long Term	1.78	ACUITE BBB Stable (Assigned)
	Proposed Bank Facility	Long Term	0.67	ACUITE BBB Stable (Assigned)
	Covid emergency line	Long Term	5.07	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	6.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	19.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
08 Jul 2022	Cash Credit	Long Term	35.00	ACUITE BBB Stable (Reaffirmed)
30 Jun 2022	Cash Credit	Long Term	35.00	ACUITE BBB Stable (Upgraded from ACUITE BB)
28 Jul 2021	Cash Credit	Long Term	19.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	6.00	ACUITE A4+ (Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	10.00	ACUITE BB (Downgraded and Issuer not co-operating*)
		Short		ACUITE A4+ (Downgraded and Issuer not

28 Apr 2020	Bank Guarantee	Term	6.00	co-operating*)
	Working Capital Demand Loan	Long Term	10.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	19.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE A2+ Reaffirmed
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A2+ Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	19.00	ACUITE BBB+ Stable Reaffirmed
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	16.00	ACUITE BBB+ Stable Reaffirmed
Bandhan Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BBB+ Stable Reaffirmed
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE BBB+ Stable Assigned
State Bank of India	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	1.50	ACUITE BBB+ Stable Reaffirmed
State Bank of India	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	1.90	ACUITE BBB+ Stable Reaffirmed
Bandhan Bank	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	1.63	ACUITE BBB+ Stable Reaffirmed
ICICI Bank Ltd	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	1.14	ACUITE BBB+ Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.16	ACUITE BBB+ Stable Reaffirmed
Bandhan Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.93	ACUITE BBB+ Stable Reaffirmed

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About Acuité Ratings & Research

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