



Press Release
SAIRAM STONE CRUSHER
February 25, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE BB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	17.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of 'ACUITE BB' (read as ACUITE Double Bt) of the Rs.17.00 Cr. bank facilities of Sairam Stone Crusher (SSC). The outlook is 'Stable'.

Rationale for Rating

The rating reaffirmation factors in the improvement in operating performance of the firm and moderate financial risk profile. Further, the rating also takes into consideration experienced management and long operations track record of the firm. However, the rating is constrained due to working capital intensive operations and high dependence on cyclical end user industries.

About the Company

Pune based Sairam Stone Crusher was established as a partnership firm in 2011. The firm is managed by partners Mr. Sagar Zurunge, Mr. Kiran Sakore, Mr. Dattatray Zurunge, Mr. Moreshwar Sakore, Mr. Sampat Sakore, and Ms. Sulochana Zurunge. The firm is engaged in crushing of stones which are sold to infra developers, government departments and dealers for use in various construction works of road building, setting up of railway tracks and other construction works.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of SSC to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

The firm is managed by partners Mr. Sagar Zurunge, Mr. Kiran Sakore, Mr. Dattatray Zurunge, Mr. Moreshwar Sakore, Mr. Sampat Sakore, and Ms. Sulochana Zurunge, who have been engaged in this industry for more than a decade. The management's experience has helped SSC to maintain healthy relationship with customers like J Kumar Infra Projects Limited, Godrej & Boyce and among others. Acuite believes that the partners' experience will support in improvement of SSC's business risk profile over the medium term.

Improvement in operating performance

The revenue of the firm stood at Rs.67.56 Cr. as in FY2024 as against Rs.59.63 Cr. in FY2023 registering a growth of ~13.30 per cent in FY2024, further the firm has reported revenue of ~Rs.94.00 Cr. in 10MFY2025. The improvement is on account of increase in demand of the crushed stone domestically. Further, the operating profit

margin has moderately improved and stood at 16.83 per cent in FY2024 from 16.72 per cent in FY2023. Also, the PAT margin improved and stood at 8.29 per cent in FY2024 as compared to 5.63 per cent in FY2023.

Moderate Financial Risk Profile

SSC has moderate financial risk profile marked by moderate net worth, average gearing and debt protection metrics. The tangible net worth stood at Rs.12.36 Cr. as on 31 March 2024 as against Rs.14.83 crore as on 31 March 2023, reduction in net worth is due to withdrawal of partners' capital. The gearing level of the company stood at 2.66 times as on 31 March 2024 as against 1.91 times as on 31 March 2023. The total debt outstanding of Rs. 32.84 Cr. consists of working capital borrowings of Rs. 7.20 Cr, unsecured loan from promoters of Rs. 3.67

Cr, term loan obligations of Rs.18.97 crore and CPLTD of Rs.3.00 Cr. as on 31 March 2023. The coverage ratios of the company are moderate with Interest Coverage Ratio (ICR) of 4.54 times for FY2024 as against 4.01 times for FY2023. Also, the Debt Service Coverage Ratio (DSCR) stood at 2.09 times for FY2024 as against 1.43 times for FY2023. Further, Net Cash Accruals to Total Debt (NCA/TD) stood at 0.28 times for FY2024 as against 0.27 times for FY2023. Acuite believes further improvement in SSC's financial risk profile over the medium term will remain a key rating monitorable.

Weaknesses

Working capital intensive operations

The operations of the company remained working capital intensive albeit improved marginally as evident in GCA of 146 days for FY2024 as against 170 days in FY2023. The GCA days are high on account of high debtor days of 102 days for FY2024 as against 150 days for FY2023. The inventory days are low at 04 days for FY2024 as against 05 days for FY2023. Credit period offered to infra developers is around 30 to 60 days, however payment gets delayed sometimes. Payment from dealers is received immediately and credit period for government department is around 45 days. The average utilization of the working capital limits of the company remained at ~96.67 percent for the last 10 months ended January 2025. Acuite believes that the working capital requirement is likely to remain at similar levels in the near to medium term.

High dependence on cyclical end user industries

Sairam Stone Crusher (SSC) generates ~30 per cent revenue direct from builders and infra developers, 30 per cent through dealers and 40 per cent through government departments. The company's addition of a fourth crusher plant in Pune enhances its production capacity to meet the fluctuating demand in the cyclical construction industry. This reliance makes the company vulnerable to economic fluctuations; during downturns, construction activity can decline sharply, leading to potential revenue drops.

Rating Sensitivities

Significant Improvement in scale of operations and profitability
Deterioration in working capital cycle
Changes in Financial risk profile

Liquidity Position

Adequate

The firm's liquidity position is adequate marked by sufficient net cash accruals against its maturing debt obligations. The firm has net cash accruals of Rs. 9.05 Cr. against its maturing debt obligations of Rs.3.00 crore in FY2024. The firm maintains unencumbered cash and bank balances of Rs. 0.11 crore as on March 31, 2024. The current ratio stands at 0.74 times as on March 31, 2024. Average bank limit utilization for fund-based limits stood at ~96.67 percent for the last 10 months ended January 2024. Acuite believes that going forward the firm will maintain adequate liquidity position due to steady accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	67.56	59.63
PAT	Rs. Cr.	5.60	3.36
PAT Margin	(%)	8.29	5.63
Total Debt/Tangible Net Worth	Times	2.66	1.91
PBDIT/Interest	Times	4.54	4.01

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
29 Nov 2023	Term Loan	Long Term	3.73	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	2.94	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Cash Credit	Long Term	8.50	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Proposed Long Term Bank Facility	Long Term	1.83	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
20 Sep 2022	Term Loan	Long Term	4.16	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	1.99	ACUITE BB- Stable (Assigned)
	Cash Credit	Long Term	8.50	ACUITE BB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.35	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.50	Simple	ACUITE BB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.34	Simple	ACUITE BB Stable Reaffirmed
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Mar 2028	1.60	Simple	ACUITE BB Stable Reaffirmed
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Mar 2028	2.56	Simple	ACUITE BB Stable Reaffirmed

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Nidhi Gala Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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