



Press Release
SAGAR BUSINESS PRIVATE LIMITED
June 03, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	73.05	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	10.32	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	83.37	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 73.05 Cr. bank facilities and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 10.32 Cr. bank facilities of Sagar Business Private Limited (SBPL). The outlook is '**Stable**'.

Rationale for rating

The rating takes into account long track record of operations, benefits derived from experienced promoters along with dealer distributor network of around 400 dealers, long term association with Tata Steel Limited, improving revenues albeit slight decline in operating profitability, moderate financial risk profile, moderate working capital cycle and adequate liquidity; However, these strengths are partly offset by supplier concentration risk and susceptibility of margins to price fluctuations in steel industry.

About the Company

Sagar Business Private Limited was incorporated in 1983. The business activities however started in 2009. The company is engaged in the trading of Tata Steel Limited's diverse range of iron and steel products. The Company also undertakes downstream value addition on products and fabrication works (on-site and off-site). The Company has two manufacturing units- at Kharagpur (West Bengal) and at Cuttack (Odisha). The operations are managed by Mr. Sunil Kishorepuria, Mr Sriyash Kishorepuria and Mrs Radha Kishorepuria.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Sagar Business Private Limited (SBPL) to arrive at the rating.

Key Rating Drivers

Strengths

Benefits derived from experienced management

The operations of the company are managed by Mr. Sunil Kishorepuria, Ms. Radha Kishorepuria, and Mr. Sriyash Kishorepuria who have prior experience in trading of iron and steel for almost two decades. The company also

holds strong relationship with Tata Steel Limited as distributor of their products It also has dealer network of 400 dealers which helps the company cater to the clientele base. The Company also undertakes downstream value addition on products and fabrication works (on-site and off-site). This has aided the Company to improve their scale of operations over the year while providing a steady customer base and improved margins. The three segments of revenue generation are Iron and Steel trading (71.40%), Fabrication and erection services (18.86%) and downstream products (8.62%) as on FY 2025(Prov.)Acuite believes that the experience of the promoters coupled with their relationship with Tata Steel Limited will benefit the company going forward.

Increasing Revenues albeit slight decline in operating margins

The revenues have increased to Rs. 649.53 Cr. as on March 31, 2025(Prov.) as compared to Rs. 402.69 Cr. as on March 31, 2024 on account of increase in volume sold and addition of products for Tiscon(for retail segment) in FY 2025. The operating profitability has slightly declined to 4.18 percent as on March 31, 2025(Prov.) as compared to 4.23 percent as on March 31, 2024 on account of higher trade discounts given for augmenting retail sales.

The company is undergoing capex towards increasing the capacity for fabrication and erection services in the Cuttack unit. It is to be operationalized from September 2025. Acuite believes that scale of operations will improve over the medium term.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by improving net worth, moderate gearing and debt protection metrics. The adjusted tangible net worth of the company stood at Rs. 77.96 Cr. as on March 31, 2025(Prov.) as compared to Rs. 28.14 Cr. as on March 31, 2024 due to accretion to reserves and quasi equity. Acuite has considered unsecured loans of Rs. 42.46 Cr. as quasi equity as on March 31, 2025(Prov.), and as some part of the same has been subordinated to bank loans and based on an undertaking received by management to retain the balance in the business over the long term. Adjusted gearing of the company stood at 1.72 times as on March 31, 2025(Prov.) as compared to 3.83 times as on March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.02 times as on March 31, 2025(Prov.) as compared to 4.00 times as on March 31, 2024. The debt protection metrics of the company remain moderate marked by Interest coverage ratio (ICR) of 1.95 times and debt service coverage ratio (DSCR) of 1.01 times for March 31, 2025(Prov.). The net cash accruals to total debt (NCA/TD) stood at 0.09 times as on March 31, 2025(Prov.) as compared to 0.06 times as on March 31, 2024. Acuite believes that the financial risk profile will remain moderate over the medium term, with steady cash accruals.

Moderate Working Capital Cycle

The working capital cycle of the company is moderate as reflected by Gross Current Assets (GCA) of 101 days for March 31, 2025(Prov.) as compared to 91 days for March 31, 2024. The inventory stood at 60 days as on March 31, 2025(Prov.) as compared to 44 days as on March 31, 2024. The debtor period stood at 30 days as on March 31, 2025(Prov.) as compared to 34 days as on March 31, 2024. The creditors stood at 8 days as on March 31, 2025(Prov.) as compared to 2 days as on March 31, 2024. Acuite believes that the working capital operations of the company will remain at the similar levels over the medium term.

Weaknesses

Supplier Concentration risk

The company is exposed to supplier concentration risk since Tata Steel Limited is the sole supplier of products to the company. Any breach in MoU terms might impact the company, since it has limited bargaining power. Any change in the availability of products or pricing might directly impact SBPL's earning profile. However, the company has not witnessed any such un-toward risk in the past years track record with them. Acuite believes the company will be exposed to the supplier concentration risk over the medium term.

Margins are susceptible to price fluctuations

The company's performance remains vulnerable to cyclicalities in the steel sector as demand for steel depends on performance of end user segments such as construction and real estate. Indian steel sector is highly competitive due to presence of large number of players. Acuite believes that the operating margin of the company will continue to remain exposed to fluctuations in the prices of raw materials as well as price realization from finished goods.

Rating Sensitivities

Movement in revenues and operating profitability

Working Capital cycle

Liquidity Position

Adequate

The company has adequate liquidity marked by net cash accruals of Rs 12.00 Cr. as on FY2025 (Prov.) as against long term debt of Rs. 6.01 Cr. over the same period. The cash and bank balance stood at Rs. 0.63 Cr. as on March 31, 2025(Prov.) and Rs. 0.42 Cr. as on March 31, 2024. Further, the current ratio of the company stood at 1.42 times as on March 31, 2025(Prov.) as compared to 1.12 times as on March 31, 2024. The average bank limit utilization of the company has been 92 percent utilized for the last six months ended in April 2025. Acuite believes that the liquidity of the company is likely to remain adequate over the near to medium term on account of steady cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	649.53	402.69
PAT	Rs. Cr.	7.30	2.93
PAT Margin	(%)	1.12	0.73
Total Debt/Tangible Net Worth	Times	1.72	3.83
PBDIT/Interest	Times	1.95	1.65

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

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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. 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:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bandhan Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE A3 Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE A3 Assigned
Bandhan Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	29.00	Simple	ACUITE BBB- Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.82	Simple	ACUITE A3 Assigned
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Apr 2030	5.96	Simple	ACUITE BBB- Stable Assigned
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Feb 2027	0.75	Simple	ACUITE BBB- Stable Assigned
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 May 2026	1.08	Simple	ACUITE BBB- Stable Assigned
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2028	1.26	Simple	ACUITE BBB- Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Jul 2030	10.00	Simple	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

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