



Press Release

SJ Transformers LLP

July 15, 2025

Ratings

Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	3.00	IVR BB+/Stable (IVR Double B Plus with stable outlook)	IVR B+/Negative; INC* (IVR B Plus with Negative Outlook; Issuer Not Cooperating*)	Rating upgraded, outlook revised and removed from Issuer not cooperating category	Simple
Short Term Bank Facilities	30.00 (Enhanced from Rs. 25.00 Cr)	IVR A4+ (IVR A Four Plus)	IVR A4; INC* (IVR A Four; Issuer Not Cooperating*)	Rating upgraded and removed from Issuer not cooperating category	Simple
Total	33.00	(Thirty-three crores only)			

**Details of Facilities 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 upgraded its rating assigned to the bank facilities for the long-term rating to IVR BB+ with change in outlook from negative to stable and short-term rating to IVR A4+ to the bank facilities of SJ Transformers LLP (SJ). Further, the ratings have also been removed from Issuer not cooperating category on account of management cooperation.

The ratings have been upgraded on account of experienced promoters and healthy order book position. The company also drew support from comfortable financial risk profile. The rating further takes into consideration the small scale of operations and declining profitability along with susceptibility of operating margin to volatile input prices. Further, the firm also exposed to risk associated with withdrawal of capital.

The 'stable' outlook reflects expected increase in scale of operations along with profitability. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.



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Infomerics Ratings has principally relied on the standalone provisional financial results of SJ up to FY25 (refers to period April 1st, 2024, to March 31st, 2025) and projected financials for FY2026 (refers to period April 1st, 2025, to March 31st, 2026) - FY2028 (refers to period April 1st, 2027, to March 31st, 2028) and publicly available information/ clarifications provided by the firm's management.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in scale of business above Rs. 120.00 crores.
- Sustained improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.
- Significant withdrawal of capital

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

SJ is promoted by Mr. Saransh Jain, Mr. Sanjog Jain and Mr. Vinod Behari Jain. Mr. Vinod Behari Jain who have adequate experience in the EPC industry that has given them an understanding of the dynamics of the market and industry. They are well supported by team of experienced 2nd tier management which helps in smooth and easy functioning of the business. Hence, firm has been able to establish relationships with its suppliers and customers.

- **Healthy order book position**

SJ is having unexecuted order book of Rs. 229.63 crore as on 31st May'25, which is 3.2 times of FY25's total operating income which gives a medium-term revenue visibility. Further, there is no delay in any project execution and no penalty levied on SJ.



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- **Comfortable financial risk profile**

The firm's capital structure remained comfortable with an overall gearing of 0.03x as on March 31, 2025 (0.04x in FY24), supported by higher tangible net worth (TNW) and minimal reliance on external debt. The partners infused Rs. 5.77 crore in the firm during FY25. Total outside liabilities to Adjusted TNW stood at 0.59x in FY25 (0.49x in FY24) due to increased creditors. Debt protection metrics improved significantly with interest coverage at 11.18x in FY25 (2.06x in FY24), the DSCR stood at 9.22x in FY25 (2.95x in FY24), and total debt/GCA (Gross cash accruals) stood at 0.20x in FY25 (0.27x in FY24), aided by higher GCA.

Key Rating Weaknesses

- **Small scale of operations and decline in profitability**

The scale of operations stood modest marked by total operating income at Rs. 71.76 crore during FY25 compared to Rs. 28.07 crore during FY24, although the total operating income of the firm grew at a CAGR of 51.83% during last 3 years ending March 31, 2025 (provisional). This increase is on account of higher execution of orders during the year. Despite ramp up in scale of operations, the EBITDA margins declined by 68 bps and stood at 8.38% in FY25 as against 9.06% in FY24 on account of increase in operational cost during the year. Subsequently, the PAT margin declined by 176 bps and stood at 5.86% in FY25 as against 7.62% in FY24.

- **Susceptibility of operating margin to volatile input prices**

The raw material & labour (including sub-contracting) cost forms the majority chunk of the total cost of sales for the last three years. As the raw material prices & labour (including subcontracting) cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour (including sub-contracting) cost. However, presences of escalation clause (for raw materials) in most of the contracts protect the margin to an extent.

- **Exposed to risk of capital withdrawals**

SJ is a limited liability partnership firm and any significant withdrawals from the capital account by partners could impact its net worth and hence, the capital structure also impacted.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

[Guidelines on what constitutes Non Cooperation by client](#)

Liquidity – Adequate

The firm's liquidity is adequate marked by expectation of sufficient cushion in cash accruals against its debt repayments for the next 3 years. The firm has current ratio of 1.98x as on March 31, 2025. The unencumbered cash and bank balance of firm stood at Rs. 1.88 Crores as on 31st March 2025. The fund based maximum utilization stood low at 21.47% and non-fund-based maximum utilization stood moderate at 76.00% for the 12 months ended April'25.

About the firm

SJ Transformers LLP(SJ) is incorporated in 1994 as proprietorship concern and converted it into Limited liability partnership 2017. It is owned by Mr. Saransh Jain, Mr. Sanjog Jain and Mr. Vinod Behari Jain. SJ is engaged in manufacturing electric Transformers of 5 MV each. Manufacturing unit was shut down in 2020, because the entire model of the business was inclined towards greater procurement of civil contract orders. However, the manufacturing unit would start again in FY26. Currently, they are engaged in civil construction work mainly water supply and allied projects for the last 3 years.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	28.07	71.76
EBITDA	2.54	6.01
PAT	2.22	4.25
Total Debt	0.64	0.89
Adjusted Tangible Net Worth	18.19	28.20



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EBITDA Margin (%)	9.06	8.38
PAT Margin (%)	7.62	5.86
Overall Gearing Ratio (x)	0.04	0.03
Interest Coverage (x)	2.06	11.18

** Classification as per Infomerics Standard*

Status of non-cooperation with previous CRA: Vide press release dated August 08, 2024, CRISIL Ratings Limited have kept the ratings under Non-Cooperation category on account of non-submission of relevant information.

Vide press release dated Dec 12, 2024; Brickwork Ratings India Private Limited have kept the ratings under Non-Cooperation category on account of non-submission of relevant information.

Any other information: Not Applicable

Rating History for last three years:

S. No	Name of Instrument /Facilities	Type	Current Rating (Year 2025-26)		Rating History for past 3 years		
			Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2024-25 (Feb 11,2025)	Date(s) & Rating(s) assigned in 2023-24 (January 24,2024)	Date(s) & Rating(s) assigned in 2022-23
1.	Long Term Bank Facilities	Long Term	3.00	IVR BB+/Stable	IVR B+/Negative; INC*	IVR BB- / Stable	-
2.	Short Term Bank Facilities	Short Term	30.00	IVR A4+	IVR A4; INC*	IVR A4	-

**Issuer not co-operating*

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals



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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: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	3.00	IVR BB+/Stable
BG (Enhanced from Rs. 25.00 Cr)	--	-	-	-	30.00	IVR A4+



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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-SJ-transformer-jul25.pdf>

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

Annexure 4: List of companies considered for consolidated 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.

