



## Press Release

### Sravan Shipping Services Pvt Ltd (SSSPL)

October 04, 2023

#### Ratings

Sl. No.	Type of Facility	Rated Amount (Rs Cr.)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1	Long Term Bank Facilities	109.85 (increased from 109.34)	IVR BBB+/ Stable (IVR Triple B Plus With Stable Outlook)	Reaffirmed and Outlook Revised	Simple
2	Short Term Bank Facilities	28.00	IVR A2 (IVR A Two)	Reaffirmed	Simple
<b>Total</b>		<b>Rs. 137.85 Cr (Rupees One Hundred and Thirty-Seven Crores and Eighty-Five Lakhs Only)</b>			

**Details of Facilities are in Annexure 1**

#### Detailed Rationale

The affirmation of the rating of Sravan Shipping Services Pvt Ltd (SSSPL) continues to reflect long-standing experience of the promoters in the shipping industry, integrated end to end logistics services, diversified customer base across varied industry verticals and reputed clientele. The rating also factors in improving EBITDA margin and comfortable capital structure.

The ratings, however, are constrained by volatile revenue trend, moderate debt coverage metrics, trade restrictions that may adversely affect business and financial condition and susceptibility to competitive landscape.

Revision in the rating outlook reflects non achievement of financial performance as expected.



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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 revenues 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 almost 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 with about 14,02,000 square feet of closed warehousing space 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 National Fertilisers Ltd, Krishak Bharati Cooperative Limited, ITC Ltd, Solar Mining Resources Ltd, The Andhra Sugars Ltd, Aurobindo Pharma Ltd, Maerskline India Pvt Ltd, Andhra Organics Ltd., BEC Fertilisers Ltd, Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited, Tata steels, Jindal Steel & Power etc. The longstanding relationships with some of the clients exceeds 10 years, which translates into repeat business for the company.

### **Improving EBITDA margin & Comfortable capital structure**

EBIDTA margin improved to 20.50% in FY23(Prov.) (FY22: 17.45%, FY21: 15.67%, FY20: 14.39%). The company's capital structure stood comfortable marked by Gearing and TOL/TNW at 0.74 times and 0.91 times respectively as on 31 Mar 2023 (prov.) in comparison to 0.80 times and 1.10 times respectively as on 31 Mar 2022.

### **Key Rating Weaknesses**



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### **Volatile Revenue**

The total operating income of the company stood at Rs 211.58 Cr in FY23 (P) (FY22: 243.16 Cr, FY21: 157.31 Cr, FY20: 213.87 Cr). The revenue declined in FY23 majorly due to ban on export of Wheat & Broken Rice along with impact on vessel handling operations due to restriction on handling of Urea/Raw Fertilizers from the port where the company operates.

### **Moderate debt protection metrics**

Debt protection metrics were moderate with DSCR of 1.09 times as on 31 Mar 2023 (prov.) in comparison to 1.27 times as on 31 Mar 2022. However, ISCR stood comfortable at 3.58x in FY23 (FY22: 4.18x).

### **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](#)



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[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)  
[Criteria of assigning rating outlook](#)

### Liquidity – Adequate

The liquidity position of the company is adequate on account of moderate utilisation of working capital facilities at ~87% for the past 12 months ended June 2023. Current ratio stood comfortable at 1.51x as on March 31, 2023(Prov.). 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.3.86 Crore as of March 2023(Prov.). The Operating Cycle remained moderate at 51 days in FY23(Prov.) (FY22: 41 days).

### 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	
	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	243.16	211.58
EBITDA	42.43	43.37
PAT	16.01	15.84
Total Debt	107.09	113.22
Tangible Net worth (Adjusted)	131.29	151.52
EBIDTA Margin (%)	17.45	20.50
PAT Margin (%)	6.58	7.47
Overall Gearing ratio (X) (Adjusted)	0.82	0.75

\*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 27<sup>th</sup>, 2023 on account of non-availability of information and lack of cooperation from the client.

**Any other information:** N.A.

**Rating History for last three years:**

Sr. No.	Name of Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 PR dated 5 July 2022	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan* (Outstanding)	Long Term	84.10	IVR BBB+/ Stable	IVR BBB+/ Positive	-	-
2.	Cash Credit	Long Term	25.75	IVR BBB+/ Stable	IVR BBB+/ Positive	-	-
3.	Bank Guarantee	Short Term	10.00	IVR A2	IVR A2	-	-
4.	Inland LC	Short Term	18.00	IVR A2	IVR A2	-	-

\*Includes Covid loan, vehicle loan/ equipment loan and term loans.

**Name and Contact Details of the Rating Analyst:**

Name: Amit Bhuwania Tel: (022) 62396023 Email: <a href="mailto:abhovania@infomerics.com">abhovania@infomerics.com</a>
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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 from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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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 visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Sl. No.	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Cr.)	Rating Assigned/ Outlook
1	Long Term Fund Based Facilities Term Loan (Outstanding)	-	-	Up to 2032	65.35	IVR BBB+/ Stable
2	Long Term Fund Based Facilities GECL	-	-	Up to 2028	18.75	IVR BBB+/ Stable
3	Long Term Fund Based Facilities Cash Credit	-	-	-	25.75	IVR BBB+/ Stable



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4	Short Term Non-Fund Based Facilities BG	-	-	-	10.00	IVR A2
5	Short Term Non-Fund Based Facilities Inland LC	-	-	-	18.00	IVR A2

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-Sravan-oct23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated facilities: 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](http://www.infomerics.com).