

Matarani Transport(Proprietor: Sanjay Nanda)

February 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	94.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	156.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Matarani Transport (Proprietor: Sanjay Nanda) [MT] to monitor the rating vide email communications dated November 29, 2024, February 05, 2025 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, MT has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on MT's bank facilities will now be denoted as CARE B+; Stable/CARE A4; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating has been revised on account of non-availability of adequate information thereby leading to uncertainty around credit risk of the company.

The ratings assigned to the bank facilities of MT is constrained by sole proprietorship nature of constitution with associated risk of capital withdrawal, leveraged capital structure and competitive nature of industry due to tender based contracts.

The ratings, however, derive comfort from experienced promoters with long track record of operations, maintenance of large fleet of vehicles, reputed clientele leading to low counterparty risk albeit client concentration and satisfactory financial performance in FY24.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on April 01, 2024, the following were the rating strengths and weaknesses (updated for the information available from the firm):

Key weaknesses

Leveraged capital structure: The capital structure continues to be leveraged marked by overall gearing at 3.58x as on March 31, 2024 (P.Y.: 9.04x). The improved is on account of increase in tangible net worth.

Sole proprietorship nature of constitution with associated risk of capital withdrawal: The proprietorship nature of business has an inherent risk of withdrawal of capital by the proprietor at the time of his personal contingency resulting in reduction of capital base leading to adverse effect on capital structure. Furthermore, proprietorship firms have restricted access to external borrowing as credit worthiness of proprietor would be the key factors affecting credit decision for the lenders. MT, being a proprietorship firm, is exposed to inherent risk of the proprietorship's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the proprietor. The proprietor withdrew around Rs. 10.20 crore in FY24.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Competitive nature of industry due to tender based contracts: In case of contracts with public sector units (PSUs), the firm has to participate in tenders for the contracts. Therefore, the business operations of the firm are largely dependent on the number of tenders floated and the success rate of the firm in winning those tenders. However, the contracts with Vedanta Limited are term based for three years and are generally renewed on the expiry of the contract; this mitigates the risk of tender based contracts to a larger extent. The contracts also come with a price escalation clause for change in fuel prices.

Key strengths

Experienced promoters with long track record of operations: MT is a proprietorship firm promoted by Mr. Sanjay Nanda. The firm is engaged in the business of providing coal logistics services primarily in the state of Odisha. The proprietor has other business interest such as a petrol pump and a private limited company – Matarani Resources Private Limited (MRPL) that is involved in logistics and agglomeration of hard coal.

Reputed clientele leading to low counterparty risk albeit client concentration: MT has executed coal logistics of reputed companies in the last 4-5 years. The clientele majorly includes subsidiaries of Coal India Ltd and Vedanta Limited which ensures timely receipt of receivable and thus mitigates the counterparty credit risk to a large extent. However, considering majority of the work order from such entities, increases the dependence of the firm on these companies leading to client concentration risk.

Maintenance of large fleet of commercial vehicles: The firm carries out its coal logistics activities using a blend of own & leased commercial vehicles and over the years it has established a significant fleet of such equipment which also enables it in execution of large sized orders. The firm has a set of around 1000 owned commercial vehicles and around 2000 on lease basis. In FY24, the firm has taken a term of loan of Rs. 45 crores for purchase of 100 more commercial vehicles.

Satisfactory financial performance in FY24: The TOI of the firm has increased from Rs 588.59 crore in FY23 to Rs 1063.59 crore in FY24. The PBILDT margins have improved from 2.84% in FY23 to 5.70 % in FY24 on account of decrease in overall operating costs.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Road Transport

MT is a proprietorship firm promoted by Mr. Sanjay Nanda in the year 2010. The firm is engaged in the business of providing coal logistics services primarily in the state of Odisha. The firm has a fleet of 3000 vehicles – 1000 owned & remaining leased. The proprietor has other business interest such as a petrol pump and a private limited company – MRPL that is also involved in logistics and agglomeration of hard coal.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	588.59	1,063.95
PBILDT	16.71	60.64
PAT	22.01	22.10
Overall gearing (times)	9.04	3.58
Interest coverage (times)	2.16	6.33

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	August 2027	84.50	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	9.50	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	143.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	13.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - ST-Bank Guarantee	ST	13.00	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (01-Apr-24)	-	-	-
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	143.00	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (01-Apr-24)	-	-	-
3	Fund-based - LT-Working Capital Limits	LT	9.50	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (01-Apr-24)	-	-	-
4	Fund-based - LT-Term Loan	LT	84.50	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (01-Apr-24)	-	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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