Saakar Infra Nirman Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	50.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	42.00	CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BBB; Stable / CARE A3 and 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. (CARE Ratings) has been seeking information from Saakar Infra Nirman Private Limited (SINPL) to monitor the ratings vide e-mail communications dated March 19, 2025, March 17, 2025, March 13, 2025, December 02, 2024, amongst others 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 has reviewed the rating on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on SINPL's bank facilities will now be denoted as **CARE BB+; 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(s).

Ratings assigned to the bank facilities of SINPL have been revised on account of non-availability of the requisite information to conduct the review.
The ratings assigned to the bank facilities of SINPL continue to derive strength from promoter's wide experience in mining and road construction sector, healthy and geographically diversified orderbook with presence of escalation clause in the majority of the contracts.
The ratings also take cognizance of growth in scale of operations in FY23 (FY refers to the period April 01 to March 31) and 9MFY24 along with improvement in profitability leading to healthy debt coverage indicators and adequate liquidity.
The ratings, however, continue to be constrained by leveraged capital structure, exposure to regulatory risk and regulatory risk associated with mining operations which constitutes a major portion of its orderbook and high working capital intensity of its operations.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings' expectations that SINPL's shall be able to sustain its credit risk profile in the medium term on back of experienced promoters and healthy revenue visibility in the near to medium term.

Detailed description of key rating drivers:

At the time of last rating on April 03, 2024, the following were the rating strengths and weaknesses considered:

Key weaknesses

Leveraged capital structure: SINPL's capital structure remained leveraged marked by overall gearing of 1.85 times (PY: 2.37x) owing to modest net worth b4ase of Rs.42 crore as on FY23 end (PY: Rs.32 crore) vis-à-vis outstanding total debt of Rs.78 crore as on FY23 end (PY: Rs.76 crore). While total debt remained stable as on the balance sheet date, reliance on bank borrowings has increased marked by debt-funded acquisition of equipment and machinery and higher working capital borrowings, which has been utilized to repay unsecured loans infused by the promoter group.

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

Contractual risks along and exposure to regulatory risk and intense competition: SINPL's business is susceptible to inherent regulatory risks associated with mining contracts arising from illegal mining, change in government policies and its impact on the environment. Moreover, the company is also exposed to financial loss arising out of delay in project execution or inferior performance, as generally there are penalty clauses for delay in contract execution or extraction of minerals below the agreed minimum level of quantity. Furthermore, the industry is highly competitive wherein the company faces competition from both organised and unorganised players.

Working capital intensive nature of operations: The operations of the company are working capital-intensive due to funding requirement for security deposits, retention amount & margin money for various contracts and non-fund-based facilities. However, SINPL's operating cycle improved to 56 days in FY23 (74 days in FY22) on account of sustained execution of projects leading to faster rotation of funds. Further, gross current asset days improved to 127 days in FY23 (158 days in FY22) on account of receivable period to 86 days in FY23 (120 days in FY22).

Key strengths

Experienced and resourceful promotors: Mr. Girish Patel has an experience of over three decades in the construction and mining industry. He is responsible for planning, liasioning and overall supervision of the execution of contracts on hand. He is supported by his son, Mr Shivam Patel, who has been actively involved in day-to-day operations of the company. The promoter family has been supporting the operations of the company through infusion of unsecured loans on need basis and has provided 100% liquid collateral towards the overdraft facility availed by the company.

Healthy and geographically diversified orderbook, albeit segmental concentration exists: As on January 31, 2024, SINPL had an orderbook of Rs.4322 crore, to be executed over next 5-10 years. Since the last review, company has been awarded a project of Rs.2160 crore. SINPL's orderbook from strong counterparty support the revenue visibility and growth momentum over the medium term.
SINPL's orderbook remained geographically diversified with a major project in Jharkhand (51.3%), followed by Chhattisgarh (35%), Odisha (9.9%), West Bengal (3.3%) and Maharashtra (0.5%). Nevertheless, the current order-book remains dominated by mining projects, forming around 99.5% of the unexecuted orderbook.

Growth in scale of operations with improvement in profitability: SINPL's total operating income (TOI) grew by ~60% on a y-o-y to Rs.255.82 crore during FY23 as against Rs.160.09 crore during FY22. Furthermore, during 9MFY24, SINPL has reported a TOI of Rs.196.45 crore and expects to achieve a TOI of nearly Rs.300 crore for the full year of FY24.
SINPL's profit before interest, lease, depreciation and tax (PBILDT) margin improved by 213 bps y-o-y to 14.03% in FY23 from 11.90% in FY22 on account of better fixed cost absorption owing to economies of scale. Consequently, the profit after tax (PAT) margin also improved by 369 bps y-o-y to 4.06% during FY23. (PY: 0.37%). With improvement in profitability, the debt coverage ratios also improved marked by interest coverage ratio of 10.09x (PY: 4.68x) and Total debt / GCA of 2.63x (PY: 5.05x).
Furthermore, as indicated by the management, profitability is envisaged to improve going forward as the top three projects in orderbook carries healthy mark-up and are also insulated against variation in diesel prices as the contract has a built-in item-rate escalation clause instead of WPI index.

Applicable criteria

Definition of Default
Policy in respect of non-cooperation by issuers
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Minerals & Mining	Industrial Minerals

Incorporated in 2012, Saakar Infra Nirman Private Limited (SINPL) is promoted by Mr. Girish N Patel, who was the former Executive Director of Sadbhav Engineering Limited. SINPL provides contract mining services like removal of overburden, mineral extraction and transportation of the same. Apart from the above, the company has also forayed into road construction.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	December 31, 2023 (UA)
Total operating income	160.09	255.82	196.45
PBILDT	19.04	35.88	NA
PAT	0.59	10.40	NA
Overall gearing (times)	2.37	1.85	NA
Interest coverage (times)	4.68	10.09	NA

A: Audited UA: Unaudited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	-	40.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	-	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	42.00	CARE BB+; Stable / 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 - LT/ ST-Bank Guarantee	LT/ST	42.00	CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BBB; Stable / CARE A3 (03-Apr-24)	1)CARE BBB; Stable / CARE A3 (06-Apr-23)	1)CARE BBB; Stable / CARE A3 (01-Apr-22)	1)CARE BBB; Stable / CARE A3 (05-Apr-21)
2	Fund-based - LT-Bank Overdraft	LT	40.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BBB; Stable (03-Apr-24)	1)CARE BBB; Stable (06-Apr-23)	1)CARE BBB; Stable (01-Apr-22)	1)CARE BBB; Stable (05-Apr-21)
3	Fund-based - LT-Cash Credit	LT	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BBB; Stable (03-Apr-24)	-	-	-

*Issuer did not cooperate; based on best available information.
LT: Long term; LT/ST: Long term/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-Bank Overdraft	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Non-fund-based - LT/ 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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Disclaimer:

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