

Jai Sai Coal Traders Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	90.00	CARE BB+; Stable / CARE A4+	Downgraded from CARE BBB-; Stable / CARE A3
Short Term Bank Facilities	10.00	CARE A4+	Downgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the ratings assigned to the bank facilities of Jai Sai Coal Traders Private Limited (JSCTPL) considers continued subdued profitability leading to deterioration in its debt coverage indicators in FY24 (FY refers to April 1 to March 31) and 9MFY25 (9M refers to period from April 01 to December 31). The company continues to face headwinds from volatile coal prices along with intense competition from large and established players.

Further, ratings continue to remain constrained due to susceptibility of profitability to volatile coal prices and foreign exchange rate fluctuations, intense competition in coal trading business, vulnerability to regulatory risks in industry and stretched liquidity. However, ratings continue to draw strength from promoters' vast experience in coal trading business, reputed clientele spread across industries, moderate scale of operations and capital structure.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume driven growth in scale of operations while maintaining profit before interest, lease rental, depreciation and tax (PBILDT) margin above 1.50% on a sustained basis
- Improvement in liquidity position with adequate cushion available in terms of unutilised working capital limits

Negative factors

- Decline in TOI or PBILDT margins leading to significant decline in PBILDT interest coverage ratio
- Significant elongation in operating cycle thus impacting its liquidity adversely
- Deterioration of capital structure marked by overall gearing beyond 1.50x on a sustained basis

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CARE Ratings) expectation that JSCTPL will continue benefiting from experience of the promoter in mitigating inherent risks in the coal trading business and its established customer and supplier base.

Detailed description of key rating drivers:

Key weaknesses

Continued subdued profitability leading to deterioration in debt coverage indicators in FY24 and 9MFY25

JSCTPL's profitability continues to remain under pressure owing to volatility in coal prices and competitive intensity. It reported low PBILDT margin of 0.27% in FY24 (FY23: 0.45%, FY22: 3.03% and FY21: 1.92%) and 0.59% in 9MFY25 (9MFY24: 1.22%) respectively. While depreciation remained low, interest and finance cost grew substantially during FY24 and 9MFY25 leading to low profit after tax margin of 0.19% and 0.16% in FY24 and 9MFY25 respectively. Subsequently, it reported cash loss of Rs.0.81 crore in FY24 and low GCA of Rs.2.12 crore in 9MFY25.

Debt coverage indicators marked by PBILDT interest coverage remained below unity in FY24 however, improved to 1.36x in 9MFY25. Total debt to PBILDT deteriorated significantly from 7.03x in FY24 to 16x in 9MFY25.

Profitability susceptible to volatile coal prices and foreign currency exchange rate

Being a commodity, coal has demonstrated significant price volatility in the past. Imported coal prices are also governed by global demand-supply factors. Accordingly, sharp adverse fluctuations in coal prices may affect JSCTPL's profitability. The company procures imported coal, which exposes profitability to forex rate volatility indirectly. However, majority forex risk is mitigated as JSCTPL hedges its forex exposure through forward contracts. Majority procurements are backed by confirmed orders from customer, leading to low open inventory at company risk, hence volatile profitability is insulated to some extent.

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

Inherent risk associated with trading business, intense competition and regulatory risk

JSCTPL is exposed to competition in the industry with improved availability of domestic coal and low entry barriers. In recent years, the government has introduced reforms to improve domestic production of coal to limit imports, which may impact operating performance of players in the coal trading business. Government regulations also play a significant role in the industry as change in duty structures or regulations on trade of coal could impact revenue and profitability of industry players.

Key strengths

Vast experience of promoters in coal trading business

JSCTPL is promoted by Rajiv Kumar Hasija, Mandeep Madiya, Deepak Madiya and Pramod Kumar Loomba, who have a rich experience in the coal trading business. Rajiv Kumar is a second-generation entrepreneur, whose family is in coal trading business for more than fifty years. Mandeep Madiya and Pramod Kumar Loomba look after sales and marketing of coal. Over the last few years, promoters have developed a healthy relationship with suppliers and customers, which has resulted in good ramp-up of operations despite limited track record of operations under this entity.

Moderate scale of operations

JSCTPL reported sales volume growth of ~32% and ~13% in FY24 and 9MFY25 respectively, however, due to decrease in sales realisation, TOI declined to ~Rs.1,353 crore in FY24 (FY23: Rs.1,525 crore) and ~Rs.934 crore in 9MFY25 (9MFY24: Rs.976.13 crore). JSCTPL is envisaged to achieve TOI of over Rs.1,250 crore in FY25 while registering sales volume growth of ~3-5%.

Established clientele spread across industries and established relations with suppliers

JSCTPL's client base includes players from across industries including brick-kiln, rolling mills, pellets and billets manufacturer, coke manufacturers, textiles, ceramic tiles and chemical. The diversified portfolio of clients from industries helps JSCTPL mitigate concentration risk originating from cyclicity in a particular industry. JSCTPL has long standing relationship with reputed customers. Its customer base remained concentrated with sales concentration on top 10 customers remains close to ~68% in FY24 (PY: 53%) and 80% in 9MFY25, with balance sales being derived from more than 300 mid to small sized customers. JSCTPL has established relations with large coal importers, which ensures consistent supply of imported coal. The company's operations are geographically diversified across Gujarat, Rajasthan, Uttar Pradesh, Panjab, Himachal, J&K, and Haryana, among others.

Moderate capital structure

Company's term debt remains limited to vehicle loans as on March 31, 2024. The capital structure of JSCTPL continues to remain moderate marked by an overall gearing of 0.68x as on March 31, 2024 (0.57x as on March 31, 2023) with moderate net-worth base of Rs.86.61 crore as on March 31, 2024. Capital structure is expected to remain moderate with avilment of additional working capital limits.

Liquidity: Stretched

The liquidity position of JSCTPL remained stretched with consistent low gross cash accruals (negative in FY24) for past 2 years ended FY24 and 9MFY25, low cash and bank balance and almost full utilisation of the fund-based working capital limits. JSCTPL is expected to report GCA of ~Rs.2-3 crore in FY25.

Cash flow from operation (CFO) was improved from negative Rs.30.07 crore in FY23 to Rs.7.69 crore in FY24. Free cash and bank balance remained low at Rs.0.09 crore as on March 31, 2024. Company does not have long term debt with scheduled repayment obligations. Operating cycle elongated from 18 days in FY23 (FY22: 9 days) to 24 days in FY24 owing to increase in the inventory holding period. Average inventory holding period increase from 10 days in FY23 to 15 days in FY24.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Incorporated as a partnership firm in 2016, Jai Sai Coal Traders is a Gujarat-based coal trading company. It was converted to a private limited company on February 24, 2020, and renamed as 'Jai Sai Coal Traders Private Limited' (JSCTPL). JSCTPL primarily deals in US coal which it sources domestically and sells to small and medium customers across India.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
Total operating income	1,525.41	1,353.21	933.83
PBILDT	6.87	3.68	5.49
PAT	4.07	2.59	1.45
Overall gearing (times)	0.57	0.68	NA
Interest coverage (times)	4.38	0.75	1.36

A: Audited UA: Unaudited; NA: Not Available; 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
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	90.00	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Letter of credit	-	-	-	-	10.00	CARE A4+

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	LT/ST Fund-based/non-fund-based CC/WCDL/OD/LC/BG	LT/ST	90.00	CARE BB+; Stable / CARE A4+	-	1)CARE BBB-; Stable / CARE A3 (22-Mar-24)	1)CARE BBB; Stable / CARE A3+ (29-Dec-22)	1)CARE BBB-; Stable / CARE A3 (13-Oct-21)
2	Non-fund-based - ST-Letter of credit	ST	10.00	CARE A4+	-	1)CARE A3 (22-Mar-24)	1)CARE A3+ (29-Dec-22)	-

ST: Short 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	LT/ST Fund-based/non-fund-based-CC/WCDL/OD/LC/BG	Simple
2	Non-fund-based - ST-Letter of credit	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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in</p> <p>Jignesh Trivedi Assistant Director CARE Ratings Limited Phone: 079-40265631 E-mail: jignesh.trivedi@careedge.in</p> <p>Darshini Shah Analyst CARE Ratings Limited E-mail: Darshini.Shah@careedge.in</p>
--	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**