Sanjay Udyog Private Limited

January 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	38.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	57.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	5.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ 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 Limited has sought critical information and a suitable time for management discussion from Sanjay Udyog Private Limited (SUPL) to monitor the ratings vide e-mail communications dated December 24, 2025; December 29, 2025 and numerous phone calls. However, despite our repeated requests, the company has not arranged the management meeting for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited's opinion is not sufficient to arrive at a fair rating. Further, SUPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on SUPL'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).

The rating has been revised due to unavailability of critical information and lack of clarity on future growth strategy, which is critical for assessing the credit risk profile of the company. The ratings assigned to the bank facilities of SUPL to remain constrained by risk of delay in project execution, leveraged capital structure and thin debt service coverage indicators. The ratings are also constrained by the capital intensive nature of business, high utilisation of working capital limits despite sanction of additional limits, regulatory risk in the mining sector, and competitive nature of industry due to tender-based contracts.
The ratings, however, derive strength from long experience of the promoters in industry, healthy order book position, and improvement in scale of operation albeit moderation in profitability margin. The ratings further considers reputed clientele leading to low counterparty risk albeit client concentration, large fleet of owned heavy equipment, and presence of escalation clause in contracts.

Analytical approach: Standalone.

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on October 31, 2024, the following were the rating strengths and weaknesses (updated for the information shared by SUPL)

Key weaknesses

Risk of delay in project execution

SUPL's business is susceptible to financial loss arising out of delay in project execution or lower mining of coal, and there exists a penalty clause for delay/lower mining in contract execution. Although SUPL has been successful in building an experienced management team with strong project execution skills which has enabled the company to build satisfactory standing in the industry as indicated in the repeat orders, there has been instances of liquidated damage charges with charge of Rs 3.11 crore in FY25 (In FY24: 0.20 crore). The same can be on account of absorption of moisture content in coal while transportation, theft of coal by the truck driver etc.

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

Capital intensive nature of business

The operation of the company is capital intensive in nature as the company has to continuously incur capex for procuring heavy earthmoving equipment (like Dumpers, Excavators, Bulldozers, etc.) and other mining equipment (like Compactor, Drillers, Cranes, etc.) for replacement purposes. The company has incurred ~Rs. 83 crores of capex during FY25 (~Rs. 36 crores in FY24) to increase its fleet size for executing large orders in hand and also for replacing older equipment.

Leveraged capital structure and thin debt service coverage indicators

Being in a capital-intensive industry, the company incurs annual capex for purchase of heavy equipment vehicles. The company needs to incur capex of ~₹30-₹40 crore every year, resulting in higher debt levels. The entity's capital structure continues to remain leveraged, as marked by an overall gearing of 2.79x as on March 31, 2024 (2.70x as on March 31, 2023). The total debt of the company increased from ~₹112.89 crore as on March 31, 2023 to ~₹133.71 crore as on March 31, 2024, attributable to new term loans for equipment purchase and increased working capital borrowings to fund the elongated operating cycle. Debt coverage indicators stood stable, as marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage of 3.55x in FY24 (3.98x in FY23) and total debt to gross cash accruals (TD/GCA) of 3.6x in FY24 (2.71x in FY23). The capital structure and debt coverage indicators are expected to remain stable at current levels in the near-to-medium-term, given the regular capex requirement and debt repayment.

The capital structure moderated further in FY25 with addition of term loan for purchase of fleet. The overall gearing level stood at 3.37x as on March 31, 2025, against 2.79x in the previous year. Debt service coverage indicators remained similar with TD/GCA of 3.9x against 3.6x in the previous year.

Regulatory risk in the mining sector

The mining environment in India has been highly uncertain with respect to issues like illegal mining and risk attached to mining activities of its client due to sudden change in government policies. However, majority of the contract for SUPL is from public sector undertakings (PSUs) such as Coal India Limited's subsidiaries, moderating regulatory risk to a large extent.

Competitive nature of industry due to tender-based contracts

In case of contracts with PSUs, the company has to participate in tenders for the contracts. Therefore, the business operations of the company are largely dependent on the number of tenders floated and the success rate of the company in winning those tenders. In addition, with the coal mining space becoming more competitive; bargaining power and pricing flexibility is limited.

Key strengths

Long experience of promoters in industry

Sanjay Khemka along with his brother, Ajay Kumar Khemka, are the founder promoters of SUPL. The promoters have experience of more than three decades in the coal transportation and mining activity. Sanjay Khemka is a graduate from Dhanbad with an experience of more than three decades in the mining industry and has been looking after the overall operations of the company. He is well supported by his brother, Ajay Kumar Khemka, a mechanical engineer by profession, with an experience of close to two decades, has expanded the company areas of logistics and raw material handling for power and steel plants. The promoters of the company are actively involved in day-to-day operations and also effectively supported by a second-tier management. They both manage the operations of the company with a team of experienced professionals.

Improvement in scale of operation albeit moderation in profitability margin

The total operating income of the company witnessed an annual growth of FY24, resulting in total operating income of ₹300.11 crore in FY24 compared to ₹243.99 crore in FY23. The revenue from mining services remained stable at ₹137.45 crore compared to ₹134.75 crore in FY23, whereas the transportation services increased significantly to ₹101.84 crore in FY24 (PY: ₹56.17 crore). The profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin moderated to 17% in FY24 compared to 21% in FY23, mainly due to higher hiring of heavy equipment for increased scale of operations (Equipment hiring charge in FY24 ₹75.04 crore compared to ₹26.19 crore in FY23). In line with PBILDT margins, profit after tax (PAT) margin also moderated from 3.90% in FY23 to 2.01% in FY24. The margins are expected to remain stable and improve gradually with growing scale of operations.

The turnover in FY25 improved to ₹322 crore from ₹300 crore in the previous year, whereas PBILDT margin remained stable, despite moderating slightly, at 16.32% for FY25 (FY24: 17.05%).

Healthy order book position

The order book as on August 31, 2025 stood at ₹ 1130 crore which is 3.4x of FY25 turnover. The orders comprised a mix of coal mining and also other activities such as loading & transportation, leasing of equipment, removal of Over Burden (OB), etc. The orders are mostly located in the eastern part of India- primarily in the states of Jharkhand and West Bengal, providing flexibility to the company to utilise its resources optimally let there be any slow moving/stalled projects. SUPL's healthy order book position provides reasonable revenue visibility over the medium term.

Reputed clientele leading to low counterparty risk, albeit client concentration
SUPL has executed coal mining orders of reputed companies majorly PSUs in the last 3-4 years as reflected in the table showing break of the total revenue. The company has established strong relationship with its clients with satisfactory order execution track record substantiated by repeat orders awarded to the company. The current order book (dated August 31, 2025) of the company (amounting to around ₹1130 crore) also comprises reputed clients, namely, subsidiaries of Coal India Ltd, including Bharat Coking Coal Ltd and Northern Coalfields Ltd, Mahanadi coal fields, etc. which ensures timely receipt of receivable and thus mitigates the counterparty credit risk to a large extent.

Large fleet of heavy equipment
By virtue of SUPL being in operation for more than three decades, the company has established a large fleet of heavy equipment enabling execution of large-sized orders. The company carries out majority of its mining activities using its own heavy equipment, and over the years, it has established a significant fleet of such equipment which also enables it in execution of large-sized orders. The company has a set of around 581 heavy equipment as on March 31, 2025 (406 equipment as on March 31, 2024).

Presence of escalation clause in contracts
The contracts mainly comprise income from excavation and evacuation services which are based on per ton of coal evacuated and run over the period of contract. The major cost for SUPL for such services is the high speed diesel (HSD) (Power & Fuel cost constituted ~42% of cost of sales of FY25 as against 45% in FY24) cost for plying the equipment. Furthermore, the cost of labour which is another major cost and has an escalation clause linked to WPI index. Majority of the contracts have escalation clause built into them.

Applicable criteria

Information Adequacy Risk and Issuer Non-Cooperation
Definition of Default
Rating Outlook and Rating Watch
Service Sector Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Diversified Metals	Diversified Metals

SUPL, incorporated in July 2009, is promoted by Sanjay Khemka and his brother, Ajay Kumar Khemka. SUPL started its operations from a proprietorship firm in 1993 which later got converted into a private limited company in 2009. Earlier till FY19, the company was mainly into transportation, however, gradually the company forayed into the business of providing coal mining services such as removal of overburden, extraction of coal, drilling, site levelling and grading. SUPL has been working for several public and private sector players, including Northern Coalfields Limited (NCL), Bharat Coking Coal Limited (BCCL), Dhansar Engineering Co Pvt Ltd (DECO), and Electrosteel steels Limited (ESL). The promoters have interest in other businesses like hospitality, auto dealership, and real estate.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	300.11	321.91
PBILDT*	51.18	52.53
Profit after tax (PAT)	6.02	5.75
Overall gearing (x)	2.79	3.37
Interest coverage (x)	3.55	3.26

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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-Working Capital Limits		-	-	-	38.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Working Capital Limits		-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	57.00	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 2025-2026	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
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	57.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (31-Oct-24)	1)CARE BB+; Positive / CARE A4+ (27-Dec-23)	-
2	Fund-based - LT-Working Capital Limits	LT	38.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (31-Oct-24)	1)CARE BB+; Positive (27-Dec-23)	-
3	Fund-based - ST-Working Capital Limits	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (31-Oct-24)	-	-

*Issuer did not cooperate; based on best available information.
LT: Long term; 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	Fund-based - LT-Working Capital Limits	Simple
2	Fund-based - ST-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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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