

Srinivasa Sales And Service Private Limited

March 27, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	12.70 (Reduced from 13.00)	CARE BB+; Stable	Reaffirmed
Short-term bank facilities	12.30 (Enhanced from 6.30)	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the assigned to bank facilities of Srinivasa Sales and Services Private Limited (SSSPL) factors in moderate scale of operations despite significant increase in scale of operations, modest net worth, working capital intensive business, elongated collection period, and product and supplier concentration risk.

Ratings continue to derive strength from established track record with extensive experience of the promoter and management team, sole authorised dealer of Cummins India Limited, reputed customer profile, improved profitability, moderate capital structure and debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in total operating income (TOI) while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margins of ~4% on a sustained basis.
- Total debt to gross cash accruals (TD/GCA) to be maintained to and below 3x.

Negative factors

- Continued elongation in the operating cycle of the firm beyond 100 days.
- Increase in bank borrowings, leading to moderation of capital structure with overall gearing deteriorating beyond 1.5x, in the future.

Analytical approach: Standalone

The stable outlook reflects that CARE Ratings Limited (CareEdge Ratings) expects that the company will continue to benefit from its established operations and dealership of Cummins India Limited (Cummins).

Outlook: Stable

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

From FY22-FY24, the total operating income (TOI) remained in the range of ₹126 crore to ₹150 crore. However, TOI increased to ₹232 crore in FY25, registering a robust growth of ~35% over FY24. This growth was driven by higher sales to existing customers across engines, spare parts, batteries, and oils, diversification of customer and geographical base, and an increase in service revenue.

Although SSSPL has a track record of around two decades, scale of operations continues to remain small with a modest net worth base. Due to the trading nature of its business, the company operates with low margins and limited bargaining power, particularly with its principal, Cummins, and in government contracts.

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

Working capital intensive business

The company operates in a working capital intensive business, where inventory management is crucial. The company's average inventory period remained comfortable at 42 days in FY25 (39 days in FY24). Average collection period remained in the range of 43-63 days in FY23-25. Around 83% debtors (as on December 31, 2025) are less than six months, and majority debtors of over six months are from government entities, including SCCL, NALCO, South Eastern Railway, and East Coast Railway among others. The company is allowed a credit period of 33-40 days for procurement of engines and spare parts from Cummins, resulting in an operating cycle of 49-65 days in FY23-25.

Client concentration risk

Despite having a diversified, reputed, and established customer base, SSSPL remains exposed to client concentration risk. Top six clients contributed ~25% of the total revenue in FY25 compared to 21% in FY24, indicating increasing dependence on key customers. CareEdge Ratings expects concentration towards a few large clients to remain a sensitivity in the near term, given the company's business profile.

Key strengths**Experienced promoters**

Incorporated in 2009, SSSPL is promoted by Subrahmanyam, having over five decades of experience in distribution of automobile products. He is supported by M Venugopal, having around two decades of experience in manufacturing rubber products and distributing diesel generators.

Promoters and their family have long-standing involvement in dealership operations for over 30 years across Andhra Pradesh and Telangana through their group companies, covering automobile and construction equipment segments. Their extensive experience and established regional presence are expected to support SSSPL's business stability in the near term.

Sole authorised dealer of Cummins engines

The company is an authorised dealer for Cummins for distribution of its engines, spare parts, and for providing after-sales service. It is the sole authorised dealer across all districts of Telangana, Andhra Pradesh and Odisha. The company has ~22 service centres or branches across these states.

These branches are equipped with trained technicians and specialised machinery, tools, hardware, and software required for engine servicing, enabling timely support across its service territory. The company's clientele includes reputed entities such as the Indian Navy, South Central Railways, Singareni Collieries, and East Coast Railways. CareEdge Ratings expects the company's exclusive dealership rights, extensive service network, and established institutional clientele to support its revenue visibility in the near term.

Moderate capital structure and debt coverage indicators

Capital structure continues to remain moderate as the company does not have major term debt obligations as on FY25. Debt profile comprises a term loan, working capital borrowings, and channel finance. Overall gearing stood at 0.50x as on March 31, 2025, improving from 0.67x as on March 31, 2024. Debt coverage indicators also remained moderate.

Liquidity: Stretched

SSSPL's liquidity remained stretched, with high utilisation of its bank limits at ~92.32% for 12 months ended February 28, 2026. However, liquidity is partly supported by moderate current and quick ratios and healthy cash accruals against low debt repayments. The company reported moderate GCA in FY25 against expected repayment obligations, which is expected to increase in FY26 due to additional borrowings of loan against property availed in FY26.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Wholesale Trading](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Compressors, pumps and diesel engines

SSSPL was incorporated in 2009 and is engaged in sales and service of products manufactured and marketed by 'Cummins India Limited'. SSSPL is the sole distributor of generators of Cummins for Andhra Pradesh, Odisha, and Telangana, and deals in engines, recon engines, spare parts, oils, and batteries. Apart from trading products, SSSPL also provides after sale services and maintenance contracts to Cummin's clients across these regions.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26(UA)
Total operating income	171.86	232.32	188.38
PBILDT*	5.32	9.91	10.66
Profit after tax (PAT)	2.19	5.17	5.77
Overall gearing (x)	0.67	0.50	0.91
Interest coverage (x)	2.66	3.60	4.48

A: Audited UA: Unaudited; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	12.30	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	NA	0.40	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	12.30	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 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	Fund-based - LT-Term Loan	LT	0.40	CARE BB+; Stable	-	1)CARE BB+; Stable (26-Mar-25)	1)CARE BB+; Positive (31-Jan-24)	1)CARE BB+; Stable (23-Feb-23)
2	Fund-based - LT-Cash Credit	LT	12.30	CARE BB+; Stable	-	1)CARE BB+; Stable (26-Mar-25)	1)CARE BB+; Positive (31-Jan-24)	1)CARE BB+; Stable (23-Feb-23)
3	Non-fund-based - ST-Bank Guarantee	ST	12.30	CARE A4+	-	1)CARE A4+ (26-Mar-25)	1)CARE A4+ (31-Jan-24)	1)CARE A4+ (23-Feb-23)

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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - 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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