



Date: August 13, 2024

To,
The Chief General Manager
Department of Corporate Services/ Listing
BSE Limited
P, J. Tower, Dalal Street
Mumbai - 400001

Scrip Code: 512329

Sub: Intimation in respect of Credit Ratings under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the provisions of Regulation 30 (read with Schedule III) of the SEBI Listing Regulations, we wish to inform you that, after due consideration, CRISIL Ratings Limited ("CRISIL") has assigned following ratings:

Total Bank Loan Facilities Rated	Rs. 600 Crore
Long Term Rating	CRISIL A/Stable (Assigned)
Short Term Rating	CRISIL A1 (Assigned)

A copy of the letter dated August 12, 2024, as received from CRISIL in this regard, is enclosed herewith.

We request you to take the above on record and the same be treated as compliance under the provisions of the SEBI Listing Regulations and any other provisions as applicable in this regard.

This is for your kind information and necessary records.

Thanking You.

Yours faithfully,

For **SG Mart Limited**

Sachin Kumar
Company Secretary & Compliance Officer
ICSI M. No. A61525

Enc.: As above

SG MART LIMITED

(formerly known as Kintech Renewables Limited)

Registered Office: H. No. 37, Ground Floor, Hargovind Enclave, Vikas Marg, Delhi-110092
Corporate Office: A-127, Sector-136, Noida, Gautam Buddha Nagar, Uttar Pradesh-201305
Tel: 011-44457164 | Email: compliance@sgmart.co.in
Website: www.sgmart.co.in | CIN: L46102DL1985PLC426661

Rating Rationale

August 12, 2024 | Mumbai

SG Mart Limited

'CRISIL A/Stable/CRISIL A1' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.600 Crore
Long Term Rating	CRISIL A/Stable (Assigned)
Short Term Rating	CRISIL A1 (Assigned)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL A/Stable/CRISIL A1**' ratings to the bank loan facilities of SG Mart Ltd (SG Mart).

The promoters, Mr. Dhruv Gupta (son of Mr. Sameer Gupta, who is the Managing Director of Apollo Pipes Limited; CRISIL A/Stable/CRISIL A1) and Mrs. Meenakshi Gupta (wife of Mr. Sameer Gupta) acquired SG Mart (erstwhile Kintech Renewables Ltd) in April 2023, and since then, the company has been trading in building products. It has more than 1,700 products in its portfolio, with hot-rolled (HR) coils, cut-to-length (CTL) HR coils and thermos mechanically treated (TMT) bars accounting for bulk of revenue. Further the company is co-branding its TMT bars under the brand APL Apollo SG TMT.

The company has recorded revenue of Rs 2,683 crore in fiscal 2024, with revenue scaling up from Rs 151 crore in the first quarter to Rs 1,277 crore in the fourth quarter. The company is planning to scale up substantially and has articulated scaling up over Rs 18,000 crores in the next 3 fiscals. Operating margin should remain stable in the range of at 2.3–2.5% given the trading nature of business, in line with 2.3% reported in fiscal 2024.

Capital structure should remain strong, supported by equity infusion of over Rs 1,000 crore in fiscal 2024. The total outside liabilities to adjusted network (TOL/ANW) ratio is expected to remain below one time in the medium term, as against 0.37 time as on March 31, 2024. Debt coverage is healthy with interest cover at 8 times in fiscal 2024 and should remain between 5 and 6 times in the coming fiscals. Cash and cash equivalents of Rs 1,126 crore as on March 31, 2024, also aid liquidity.

The rating draws strength from the expectation of healthy growth in scale over the next few fiscals, efficient working capital management and the healthy distribution network of the company. The rating is partially constrained by exposure to intense competition in the building products trading business.

Analytical Approach

The CRISIL Ratings has combined the business and financial risk profile of SG Mart and its subsidiaries and taken a consolidated approach.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Healthy scale up in revenue, supported by a healthy distribution network:** SG Mart was acquired in April 2023, since then the company has been able to achieve a healthy ramp up in its revenue, with revenue scaling up quarter-on-quarter from Rs. 151 crores in Q1 fiscal 2024 to Rs. 1,277 crores in Q4 fiscal 2024. The revenue is expected to grow double digits in the next 3 fiscals between fiscal 2025 and fiscal 2027.

The company has a healthy and growing network. Products are supplied throughout India via 220 dealers operating through 5 warehouses (including its 2 CTL service stations). It has 2 CTL service stations currently and plans to add 8 more stations by end of fiscal 2025. As CTL is a value-added service, the segment is likely to support growth in revenue and profitability.

- **Well laid out policies minimizing inventory and debtor risk:** Clients are billed directly to manufacturers (billed to ship contracts), which reduces the inventory days to a minimal level for SG Mart. The company maintains inventory days of 5-6 days barring CTL HR Coil products which have inventory days of 15 days. The inventory holding period is expected to remain low at an average of 10-15 days which will assist in mitigating the inventory price risk to a certain extent.

Receivable days are comfortable at less than 10 days reducing any major debtor risk as well. Further, there is no dealer concentration with top customers forming 5.3% of total revenue in fiscal 2024. The number of dealers has increased from 110 on September 30, 2023, to 224 on June 30, 2024.

The company generally pays its suppliers within 10 days and has established ties with major steel companies. Top supplier forms ~15% of the total purchases. Further, SG Mart has tie-ups with top suppliers which ensures the quality of the products sold.

With healthy policies SG Mart has been efficiently managing its working capital cycle.

Weaknesses:

- **Low margin constrained by intense competition:** The trading industry is intensely competitive as customers have the option to switch to suppliers who offer favourable terms of pricing. Hence, the operating margin remained low at 2-2.5%. However, the moderate scale and strong liquidity will enable the company to procure products at a good rate and offer competitive pricing to dealers while maintaining its margin.
- **Volatility in raw material prices and forex rates:** As steel is the major raw material, SG Mart remains exposed to volatility in steel prices. Any sharp fluctuation in steel prices may affect operating profitability. Further, as the company imports around 20% of its products, it is also susceptible to any adverse movement in foreign exchange rates.

However, a low inventory period shields them from any adverse price fluctuations.

Liquidity: Adequate

Liquidity is marked by cash equivalent of Rs 1,000 crore as on June 30, 2024, and further supported by low bank limit utilisation. Sanctioned limit of Rs 600 crore was utilised only around 26%, over the six months through June 2024. Expected cash accrual of Rs 90-100 crore, along with the cash surplus, should suffice to fund capex of Rs 170-200 crore, going forward, in the absence of any term debt obligation.

Outlook: Stable

CRISIL Ratings believes that the strong management, supplier and dealer network should enable SG Mart to ramp up its operations in a healthy manner, and also maintain a strong financial risk profile.

Rating Sensitivity factors

Upward factors:

- Significant increase in scale of operations driven by healthy product and geographical diversification, while maintaining EBITDA margins at around 2.5% benefitting cash generation
- Sustenance of healthy financial risk profile and efficient working capital management.

Downward factors:

- Decline in revenues with EBITDA margins falling below 1.5% on sustained basis impacting cash accruals.
- Weakening of financial risk profile due to higher-than-expected debt funded capex or any major acquisition

About the Company

SG Mart (erstwhile Kintech Renewable Ltd) was acquired by Mr. Dhruv Gupta and Mrs. Meenakshi Gupta in April 2023. The company trades in more than 1,700 building products and derives the bulk of its revenue from HR coils, CTL HR coils and TMT bars. It is appointing channel partners to further penetrate the construction sector and has positioned itself as a one-stop solution provider for all construction needs. It is also listed on the BSE.

Key Financial Indicators

As on/for the period ended March 31	Unit	2024	2023[^]
Revenue	Rs crore	2683	NA
PAT	Rs crore	61	NA
PAT margin	%	2.27	NA
Adjusted debt/adjusted networkth	Times	0.17	NA
Interest coverage	Times	8.04	NA

[^]Company was formed in fiscal 2024

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned with outlook
NA	Non-Fund Based Limit	NA	NA	NA	450	NA	CRISIL A1
NA	Fund-Based Facilities	NA	NA	NA	150	NA	CRISIL A/Stable

Annexure - List of Entities Consolidated

Fully consolidated entities	Extent of consolidation	Rationale for consolidation
SG Mart FZE	Full	Subsidiary

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2024 (History)		2023		2022		2021		Start of 2021
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	150.0	CRISIL A/Stable		--		--		--		--	--
Non-Fund Based Facilities	ST	450.0	CRISIL A1		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Fund-Based Facilities	50	HDFC Bank Limited	CRISIL A/Stable
Fund-Based Facilities	100	Axis Bank Limited	CRISIL A/Stable
Non-Fund Based Limit	300	HDFC Bank Limited	CRISIL A1
Non-Fund Based Limit	150	Axis Bank Limited	CRISIL A1

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Criteria for rating trading companies
CRISILs Bank Loan Ratings - process, scale and default recognition
CRISILs Criteria for Consolidation
CRISILs Criteria for rating short term debt

Media Relations	Analytical Contacts	Customer Service Helpdesk
Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com	Mohit Makhija Senior Director CRISIL Ratings Limited B: +91 124 672 2000 mohit.makhija@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com
Rutuja Gaikwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com	Shounak Chakravarty Director CRISIL Ratings Limited B: +91 22 3342 3000 shounak.chakravarty@crisil.com	For Analytical queries: ratingsinvestordesk@crisil.com
	Nelisent Puri Manager CRISIL Ratings Limited	

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') provided by CRISIL Ratings Limited ('CRISIL Ratings'). For the avoidance of doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for use only within the jurisdiction of India. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings provision or intention to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

The report is a statement of opinion as on the date it is expressed, and it is not intended to and does not constitute investment advice within meaning of any laws or regulations (including US laws and regulations). The report is not an offer to sell or an offer to purchase or subscribe to any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way.

CRISIL Ratings and its associates do not act as a fiduciary. The report is based on the information believed to be reliable as of the date it is published, CRISIL Ratings does not perform an audit or undertake due diligence or independent verification of any information it receives and/or relies on for preparation of the report. THE REPORT IS PROVIDED ON "AS IS" BASIS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, CRISIL RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE. In no event shall CRISIL Ratings, its associates, third-party providers, as well as their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

The report is confidential information of CRISIL Ratings and CRISIL Ratings reserves all rights, titles and interest in the rating report. The report shall not be altered, disseminated, distributed, redistributed, licensed, sub-licensed, sold, assigned or published any content thereof or offer access to any third party without prior written consent of CRISIL Ratings.

CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains or its associates. Ratings are subject to revision or withdrawal at any time by CRISIL Ratings. CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For more detail, please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the Securities and Exchange Board of India regulations (and other applicable regulations, if any), are made available on its websites, www.crisilratings.com and <https://www.ratingsanalytica.com> (free of charge). CRISIL Ratings shall not have the obligation to update the information in the CRISIL Ratings report following its publication although CRISIL Ratings may disseminate its opinion and/or analysis. Reports with more detail and additional information may be available for subscription at a fee. Rating criteria by CRISIL Ratings are available on the CRISIL Ratings website, www.crisilratings.com. For the latest rating information on any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisilratings.com/en/home/our-business/ratings/credit-ratings-scale.html>