

Sharp Chucks and Machines Limited

March 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.39 (Enhanced from 6.53)	CARE D	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Long Term / Short Term Bank Facilities	42.14 (Enhanced from 26.00)	CARE D / CARE D	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Short Term Bank Facilities	3.00 (Enhanced from 1.00)	CARE D	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

In the absence of minimum information required for the purpose of rating, CARE Ratings Limited was unable to express an opinion on the ratings of Sharp Chucks and Machines Limited and in line with the extant SEBI guidelines, CARE Ratings Limited revised the ratings of bank facilities of the company to 'CARE D / CARE D; ISSUER NOT COOPERATING'. However, the company has now submitted the requisite information to CARE Ratings Limited. CARE Ratings Limited has carried out a full review of the ratings and the ratings stand at 'CARE D / CARE D'.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Sharp Chucks and Machines Limited (SCML) continues to remain constrained by delays in the timely servicing of its term debt obligations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the liquidity position of the company as reflected by timely servicing of its debt obligations.

Analytical approach: Standalone

Detailed description of the key rating drivers:

Key weaknesses

Delays in debt servicing obligations: There has been delays in the timely servicing of its term debt obligations in the month of December, 2023. The delay in repayment was on account of stretched liquidity position of the company.

Liquidity: Stretched

The liquidity position of the company remained poor characterized by almost full utilization of its working capital limits for the past 12 month's period ending January, 2024. The stretched liquidity position of the company has constrained the ability of the company to repay its debt obligations on a timely basis.

Applicable criteria

[Definition of Default](#)

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

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

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

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

Jalandhar, Punjab based Sharp Chucks and Machines Limited (SCML) (erstwhile known as Sharp Garden Implements Private Limited) was initially incorporated in June, 1994 as a private limited company. Later, in December, 2022, it was converted into a public limited company and in October, 2023, the company got listed (NSE SME). The current directors are namely; Mr. Ajay Sikka, Mrs. Gopika Sikka, Mr. Avinash Shripad Joshi, Mr. Rahul Sharma, Mr. Manmohan Puri and Mr. Suraj Singhal.

The company is engaged in the manufacturing of casting products, forging products, lathe chucks, power chucks, drill chuck and other machine tools accessories, etc. The manufacturing process of the company is done through two units located at Jalandhar, Punjab. The company is having an installed capacity of 30,000 MTPA of casting unit, 14,400 MTPA for machining unit and 3,600 MTPA of forging unit as on March 31, 2023. The products manufactured by the company finds its application in diverse industries such as tractors, automobiles, material handling & earth moving equipment's, railways, defense, machine tools, DIY power tools industry, etc. The company is having certifications like IATF 16949: 2016, ISO 9001: 2015 and BSI SA 8000: 2014. The company sells ~70% of its products to different original equipment manufacturers (OEMs) like Mahindra & Mahindra Limited (M&M), International Tractors Limited, Escorts Kubota Limited, Swaraj Engines Limited, GNA Gears Limited, etc. and rest are sold to different dealers/traders based out in PAN India. It is also making ~4% in FY23 export of its products to countries such as USA, Russia, Italy, Germany, Sweden, Dubai, etc.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)*
Total operating income	152.42	176.95	96.53
PBILDT	17.70	21.33	11.25
PAT	4.54	4.73	2.41
Overall gearing (times)	2.17	1.73	1.71
Interest coverage (times)	2.68	2.50	2.39

A: Audited; UA.: Unaudited; Note: 'the above results are latest financial results available'

*refers to the period from April 1, 2023 to September 30, 2023.

Status of non-cooperation with previous CRA: Brickwork Ratings has conducted the review and has classified Sharp Chucks and Machines Limited as "Not Cooperating" vide its press release dated December 18, 2023.

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various 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 along with Rating Outlook
Fund-based - LT-Term Loan		-	-	December, 2028	20.39	CARE D
Fund-based - LT/ST-CC/Packing Credit		-	-	-	42.14	CARE D / CARE D
Non-fund-based - ST-BG/LC		-	-	-	3.00	CARE D

Annexure-2: Rating history for the 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT/ ST-CC/Packing Credit	LT/ST^	42.14	CARE D / CARE D	1)CARE D / CARE D; ISSUER NOT COOPERATING* (11-Jan-24) 2)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (16-Aug-23)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (05-Aug-22)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (16-Jun-21)	1)CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING* (01-Apr-20)
2	Fund-based - LT-Term Loan	LT	20.39	CARE D	1)CARE D; ISSUER NOT COOPERATING* (11-Jan-24) 2)CARE BB; Stable; ISSUER NOT COOPERATING* (16-Aug-23)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (05-Aug-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (16-Jun-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Apr-20)
3	Non-fund-based - ST-BG/LC	ST	3.00	CARE D	1)CARE D; ISSUER NOT COOPERATING* (11-Jan-24)	1)CARE A4; ISSUER NOT COOPERATING* (05-Aug-22)	1)CARE A4; ISSUER NOT COOPERATING* (16-Jun-21)	1)CARE A4; ISSUER NOT COOPERATING* (01-Apr-20)

					2)CARE A4; ISSUER NOT COOPERATIN G* (16-Aug-23)			
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^Long term/Short term.

*Issuer did not cooperate; Based on best available information.

Annexure-3: Detailed explanation of the covenants of the rated instrument/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

<p>Media Contact</p> <p>Name: Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Name: Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Name: Sajan Goyal Director CARE Ratings Limited Phone: +91- 120-445 2017 E-mail: sajan.goyal@careedge.in</p> <p>Name: Shivam Tandon Lead Analyst CARE Ratings Limited Phone: +91- 120-445 2072 E-mail: shivam.tandon@careedge.in</p> <p>Name: Aashu Singh Analyst CARE Ratings Limited E-mail: aashu.singh@careedge.in</p>
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About us:

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