

Shree Shakti Enterprises Private Limited

October 04, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	35.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating 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 Ltd. has been seeking no default statement from Shree Shakti Enterprises Private Limited (SSEPL) to monitor the ratings vide e-mail communications dated, October 01, 2024, September 02, 2024, August 30, 2024, and numerous other mails and phone calls. However, despite our repeated requests, the company has not provided the no default statement for the month of July (2024), August (2024), and September (2024). In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on SSEPL's bank facilities will now be denoted as CARE BB; Stable; 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 ratings.

The rating takes into account elongated operating cycle, leveraged capital structure and weak debt coverage indicators. Further, the rating is constrained owing to company's presence in a highly competitive and fragmented nature of the industry and susceptibility of margins to fluctuation in the prices of raw materials. The rating, however, derives comfort from the experienced promoters coupled with long track record of operations, growing scale of operations and moderate profitability margins.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

Key weaknesses

Elongated operating cycle:

The operating cycle stood elongated at 118 days in FY24 (Provisional) (PY: 136 days) mainly on account of high average inventory holding period and average collection period. Due to large product portfolio (wide product category, different design, sizes, etc.), the company is required to maintain adequate inventory of raw materials to ensure smooth running of its production process and finished goods of all the products to cater the immediate demand of its clients, resulting in an average inventory holding period of 92 days in FY24 (Provisional). Further, being in a highly competitive nature of industry, the company normally extends credit period of 2-3 months to its clients resulting in an average collection period of 80 days in FY24 (Provisional). Similarly, the company receives average credit period of 2-3 months from its suppliers due to its long-standing relationships with them, resulting in an average creditors' period of 54 days in FY24 (Provisional).

Leveraged capital structure and weak debt coverage indicators:

The company's capital structure improved yet stood leveraged as reflected by overall gearing of 2.08x as on March 31, 2024 (Provisional) as against 2.89x as on March 31, 2023. The improvement is on account of timely repayment of term loan and increase in net worth of the company due to accretion of profits to net worth. Furthermore, the debt coverage indicators stood weak as marked by the interest coverage ratio and total debt to gross cash accruals of 3.56x and 5.40x in FY24 (Provisional) as against 2.13x and 16.01x in FY23 (Audited).

Susceptibility of margins to fluctuation in the prices of raw material

The company is exposed to the raw material price volatility risk due to the volatility experienced in the prices of steel and allied products and their prices fluctuates rapidly due to demand supply gap. The raw materials such as stainless-steel sheets, aluminium

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

sheets, etc. constitute a major component of the raw material of the total cost of production; hence any volatility in their prices has a direct impact on the profitability margins of the company.

Presence in a highly competitive and fragmented nature of the industry

SSEPL operates in a highly competitive industry characterized by the presence of large number of players in the unorganized and organized sectors. There are number of small and regional players catering to the same market which has limited the bargaining power of the company and has exerted pressure on its margins.

Key strengths

Experienced promoters coupled with long track record of operations:

SSEPL is a family run business. The company is currently managed by Mr. Rakesh Kumar Bajaj, Mr. Rajesh Bajaj, Mr. Rajiv Kumar Bajaj and Mr. Rahul Bajaj as its directors. They collectively look after the overall operations of the company. Mr. Rakesh Kumar Bajaj is a graduate by qualification and has an accumulated experience of more than four decades in the industry through his association with this company and other group entities engaged in similar business. He is well supported by other directors of the company namely, Mr. Rajesh Bajaj, Mr. Rajiv Kumar Bajaj and Mr. Rahul Bajaj, who are graduates by qualification and holds an experience of more than two decades in the industry through their association with this company. SSEPL is having a considerable track record in this business which has resulted in long term relationships with both suppliers and customers.

Growing scale of operations with moderate profitability margins:

SSEPL's scale of operations remains small though improved, marked by the total operating income of Rs. 312.31 crore in FY24 (refers to the period from April 01, 2023, to March 31, 2024) vis-à-vis Rs. 188.41 crore in FY23. The small scale limits the financial flexibility of the company in times of stress and deprives it of scale benefits. Though, the risk is partially mitigated by the fact that scale of operations of the company is growing continuously. The company's profitability margins remain moderate, marked by the PBILDT and PAT margins of 8.93% and 4.56% respectively in FY24 (Provisional) as against 5.30% and 1.82% respectively in FY23 (Audited). The improvement in the profitability margins is on account of the decline in overhead expenses.

Liquidity: Stretched

The company's liquidity remains stretched on account of low cash and bank balance of Rs 0.26 crores as on March 31, 2024 (PY: Rs 6.01 crores). Further, the liquidity ratios moderated as reflected by the current ratio and quick ratio of 1.18 x and 0.63 x times as on March 31, 2024, as against 1.22 x and 0.70 x as on March 31, 2023.

Applicable criteria

[Definition of Default](#)

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

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Household Appliances

Incorporated in the year 1997, SSEPL is currently managed by Mr. Rakesh Kumar Bajaj, Mr. Rajesh Bajaj, Mr. Rajiv Kumar Bajaj and Mr. Rahul Bajaj as its directors. The company is engaged in the manufacturing of wide variety of utensils, cutlery items and kitchenware made of steel, aluminium and copper, at its manufacturing facility located at Sonipat, Haryana. SSEPL is ISO 9001: 2015 certified. The key raw materials required are stainless steel coils, aluminium circles, utensils related accessories, etc. which they procure from various manufacturers and dealers located in Haryana and Delhi. SSEPL sell its products under its own brand

3 CARE Ratings Ltd. Press Release name viz. 'PNB Kitchenmate' directly to different retailers and distributors based in PAN India. Major customers include Walmart India Private Limited, D-Mart, Spencer's Retail Limited, etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024(UA)
Total operating income	188.41	312.31
PBILDT	9.98	27.89
PAT	3.43	14.25
Overall gearing (times)	2.89	2.08
Interest coverage (times)	2.13	3.56

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has downgraded the bank facilities of SSEPL under Issuer not cooperating (INC) category vide its press release dated June 10, 2024, on account of its inability to carry out review in the absence of requisite information from the company.

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		-	-	-	33.75	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	September 2024	1.25	CARE BB; Stable; 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 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	Fund-based - LT-Cash Credit	LT	33.75	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (01-Dec-23)	-	-
2	Fund-based - LT-Term Loan	LT	1.25	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (01-Dec-23)	-	-

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

LT: Long 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

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.

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About us:

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