

## Shrishaila Electricals (India) Private Limited

November 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	13.00	CARE B+; Stable	Reaffirmed
Short Term Bank Facilities	11.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Shrishaila Electricals (India) Private Limited continue to be constrained by its modest scale of operations with Total Operating Income witnessing a decline of 47% on a YoY basis, led by lower inflow of orders in previous year impacting the execution in FY24; albeit improvement witnessed in 7MFY25. The ratings also remain tempered on account of modest networth base, working capital intensive nature of operations, customer concentration risk with dependence on sole customer, Bangalore Electricity Supply Company Limited (BESCOM rated CARE BBB; Negative) and tender based nature of business.

The ratings, however, derive strength from the experience of the promoters, comfortable capital structure and coverage indicators and the company's satisfactory orderbook position and relationship with established clientele i.e. BESCOM.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in scale of operations above Rs. 200 Cr, net worth of more than Rs. 50 crores, while maintaining ROCE above 18% and TOL/TNW less than 1x on a sustained basis.

#### Negative factors

- Significant decline in the scale of operation with decline in PBILDT margins below 9% on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects the company would benefit from long standing experience in electrical EPC business and long association with its customer and satisfactory orderbook position.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Customer Concentration Risk

The company receives the work orders through participating in the tender process directly from BESCOM. The company being reliant solely on BESCOM for their sales is vulnerable to customer concentration risk and associated risks of receipt of timely payments.

### Modest scale of operations and modest net worth base

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

During FY24, the company's scale of operations declined by 47% from Rs. 112 crores in FY23 to Rs. 60 crores in FY24. The decline was mainly on account of no tenders being floated for about three quarters prior to the assembly elections in May-2023, thus impacting the execution in FY24.. However, on the back of improved execution of orders received since May 2023, the company reported a Total Operating Income of Rs. 58 crores for the first 7MFY25(AU). The net worth although witnessed consistent growth over the years , continued to be modest at ₹33.33 crores as on March 31, 2024. ).

### **Working capital intensive nature of operations**

The firm operates in a working capital-intensive industry, as reflected by Gross Current Asset (GCA) days and working capital cycle of 283 days (FY23: 147 days) and 132 days respectively during FY24 (FY23: 86 days). The counterparty is mainly government backed entity i.e. BESCOM wherein the payments are assured but stretched. In state owned discoms, there are various claims to be filed with authorities and this whole process of filing and reviewing the claims takes time, leading to stretched receivables.

### **Tender based nature of operations**

The company receives 100% work orders from government organization. All these are tender-based, and the revenues are dependent on floating of tenders by government entity and company's ability to bid successfully for these tenders. Profitability margins come under pressure because of competitive nature of the industry.

### **Key strengths**

#### **Experienced promoters and long track record**

SEIPL is promoted by Mr. Jagadish and Mrs. Shylaja Jagadish. Both the directors are qualified graduates (B E(Electrical)). The promoters have experience of more than two decades and experience in the Electrical industry.

#### **Comfortable capital structure and coverage indicators**

The company has minimal reliance on term debt and the leverage position of the company is at a comfortable position with debt equity ratio at 0.01x as of FYE24. The total outside liabilities to net worth stood comfortable at 0.43x as on March, 31, 2024 ( 0.58x as on March, 31, 2023), while the overall gearing stood at 0.29x as on March, 31, 2024 (0.24x as on March, 31, 2023). Debt coverage indicators stood satisfactory, as marked by comfortable PBILDT interest coverage of 7.82x in FY24 (8.64x in FY23) and moderate total debt to GCA (TD/GCA) of 2.29x in FY24(0.83x in FY23). The moderation in TDGCA was on account of moderation in profitability and marginal increase in debt levels.

#### **Satisfactory order book and established clientele**

The counter party risk for the company is minimized by presence of a well-established clientele i.e., BESCOM in the state of Karnataka. Orders are received through tender process and the company's order book is solely comprising from the BESCOM. The unexecuted orderbook of the company stood at Rs. 130 crores as on October 31 , 2024.

#### **Liquidity:** Stretched

Company's liquidity is constrained by its relatively small scale of operations which restricts its financial flexibility. Nevertheless, company is likely to generate sufficient cash accruals of Rs.4-5 crore as against negligible debt repayment obligation with total term loan outstanding at Rs.0.4 crore as on March 31, 2024, and no addition to term loan in YTD FY25. Being dependent on single counterparty exposes it to timely collection of receivables.

#### **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](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

SEIPL was incorporated in 2009. SEIPL is promoted by Mr. Jagadish and Mrs. Shylia Jagadish (Spouse of Mr Jagadish). Both the promoters have equal stake in the company. The company is carrying the business as electrical contractors and offer services like supply, installing, testing, commissioning and providing complete turnkey electrical works in the state of Karnataka.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	7MFY25(UA)
Total operating income	111.97	59.66	58.00
PBILDT	12.88	6.10	-
PAT	8.32	4.01	-
Overall gearing (times)	0.24	0.29	-
Interest coverage (times)	8.64	7.82	-

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

### Status of non-cooperation with previous CRA:

Shrishaila Electricals(India) Private Limited has not cooperated with Acuite, which has classified it as non-cooperative vide release dated September 27, 2024. The reason provided by Acuite is nonfurnishing of information for monitoring of ratings.

**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-Bank Overdraft		-	-	-	13.00	CARE B+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	11.00	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 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-Bank Overdraft	LT	13.00	CARE B+; Stable	-	1)CARE B+; Stable (12-Oct-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (09-Aug-22)	1)CARE B; Stable; ISSUER NOT COOPERATING * (22-Jun-21)
2	Non-fund-based - ST-Bank Guarantee	ST	11.00	CARE A4	-	1)CARE A4 (12-Oct-23)	1)CARE A4; ISSUER NOT COOPERATING * (09-Aug-22)	1)CARE A4; ISSUER NOT COOPERATING * (22-Jun-21)
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)Withdrawn (12-Oct-23)	1)CARE A4; ISSUER NOT COOPERATING * (09-Aug-22)	1)CARE A4; ISSUER NOT COOPERATING * (22-Jun-21)

\*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-Bank Overdraft	Simple
2	Non-fund-based - ST-Bank Guarantee	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.

## Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: 912267543404 E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Karthik Raj K Director <b>CARE Ratings Limited</b> Phone: 91-80- 4662 5555 E-mail: <a href="mailto:karthik.raj@careedge.in">karthik.raj@careedge.in</a></p> <p>Manohar S Annappanavar Associate Director <b>CARE Ratings Limited</b> Phone: 912267543436 E-mail: <a href="mailto:manohar.annappanavar@careedge.in">manohar.annappanavar@careedge.in</a></p> <p>Arnav Navarange Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Arnav.Navarange@careedge.in">Arnav.Navarange@careedge.in</a></p>
--	--

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**