

## Shivom Trexim Private Limited

March 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	7.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	28.00	CARE BB; Stable / CARE A4; 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

Shivom Trexim Private Limited (STPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Limited's (CARE Ratings') rating on STPL's bank facilities will now be denoted as **"CARE BB; Stable / CARE A4; 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 rating(s).**

The reaffirmation of the ratings assigned to the bank facilities of STPL continue to factor in the low profitability margins and weak financial risk profile as marked by leveraged capital structure and weak debt coverage indicators. The ratings further remain constrained due to highly fragmented and competitive nature of the industry. However, the ratings derive strength from its growing albeit modest scale of operations and moderate operating cycle. The ratings further derive comfort from experience of promoters in the industry with long track record of operations.

**Analytical approach:** Standalone

**Outlook:** Stable

The 'Stable' outlook reflects that the firm will continue to benefit from long-standing experience of the partners in the industry.

**Detailed description of key rating drivers:** At the time of last rating on May 17, 2024, following are the rating weaknesses and strengths:

### Key weaknesses

#### Low profitability margins

The profitability margins of the company remained low largely due to trading nature of business. Although, the company reported healthy growth of 110% in scale of operations during FY24 (Provisional) with TOI of Rs.257.67 crore, however the PBILDT margin moderated to 2.84% in FY24 (Provisional) vis-à-vis 3.08% in FY23 (Audited). The same was largely on account of tender executed for sale of mobile handsets having lower margin. In contrary, profit after tax (PAT) margin improved to 1.38% in FY24 (Provisional) vis-à-vis 1.25% in FY23 (Audited) in tandem with growth in scale, though the same continued to remain low.

#### Leverage capital structure and weak debt coverage indicators

The capital structure of the company continued to remain leveraged as marked by overall gearing ratio of 2.04x during FY24 (Provisional) as against 1.50x in FY23 (Audited). The deterioration in capital structure was largely due to higher utilization of working capital borrowings to support incremental business growth. Owing to low profitability margins and high debt levels, the debt coverage indicators of the company stood weak as marked by interest coverage ratio and total debt to gross cash accruals of 3.07x and 7.92x respectively in FY24 (Provisional) vis-à-vis 2.80x and 10.06x respectively in FY23 (Audited).

#### Highly fragmented and competitive nature of the industry

STPL operates in a highly fragmented and competitive nature of the industry, marked by presence of numerous players in the industry. The trading business segment is highly competitive with most players supplying mobiles and electronics of various established brands. Due to low entry barriers make the industry highly lucrative and competitive. Further, the competition from online shopping portals has been increasing consistently, which exerts pressure on profitability margins of the company.

<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.

## Key strengths

### Experienced promoters with long track record of operations

STPL was incorporated in the year 2011 by Mr. Ajay Kumar. It is currently managed by Mr. Ajay Kumar and Mr. Sunil Kumar as its directors. Both the directors are graduates and have an experience of around one and a half decades and around a decade respectively in the industry. They are in turn supported by qualified team of professionals who are managing the day-to-day operations of the company.

### Moderate operating cycle

The operating cycle of the company though improved remained moderate at 41 days in FY24 (Provisional) from 61 days in FY23 (Audited). It is required to maintain an adequate inventory of finished goods to meet immediate demand of its customers resulting in an average inventory holding period of 22 days in FY24 (Provisional). Further, being in a highly competitive industry, the company normally extends credit period of around 1-2 months to its customers resulting in an average collection period of 18 days in FY24 (Provisional). Moreover, it makes nearly 100% advance payment to its suppliers.

### Liquidity: Stretched

STPL's liquidity position continues to remain stretched as reflected by nearly full utilization of working capital limits in the trailing twelve months ended February 2025. Further, current ratio and quick ratio of the company stood low at 1.40x and 0.72x respectively in FY24 (Provisional) vis-à-vis 2.26x and 1.12x respectively in FY23 (Audited). Moreover, it has low unencumbered cash and bank balances of Rs. 0.21 crore on March 31, 2024 (Provisional). The company has generated gross cash accruals (GCA) of Rs.3.71 crore in FY24 (Provisional).

## 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](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

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## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Consumer Electronics

Incorporated in the year 2011, STPL is an authorized distributor of Reliance Retail Limited for Reliance Jio Telecommunication services and its mobile handsets, data cards etc., HMD Mobile India Private Limited for Nokia mobile handsets, and accessories in the regions of Delhi NCR and Gurgaon (Haryana). It is also an authorized distributor of Realme mobile handsets, LED TVs, and accessories in Jaipur (Rajasthan). It also provides sim activation and Mobile Number Portability (MNP) services to Reliance Jio. In addition, the company is an authorized distributor of Servotech Power System Limited for sale of solar power equipment and EV chargers.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (Prov.)
Total operating income	122.38	257.69
PBILDT	3.77	7.32
PAT	1.54	3.55
Overall gearing (times)	1.50	2.04
Interest coverage (times)	2.80	3.07

A: Audited; Prov: Provisional; Note: these are latest available financial results

**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-Proposed fund based limits		-	-	-	7.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-Working Capital Limits		-	-	-	28.00	CARE BB; Stable / CARE A4; 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/ ST-Working Capital Limits	LT/ST	28.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB; Stable / CARE A4 (21-May-24)	1)CARE BB; Stable / CARE A4 (22-Feb-24)	-	-
2	Fund-based - LT-Proposed fund based limits	LT	7.00	CARE BB; Stable; ISSUER NOT COOPERATING*	1)CARE BB; Stable (21-May-24)	1)CARE BB; Stable (22-Feb-24)	-	-

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

LT: Long 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-Proposed fund based limits	Simple
2	Fund-based - LT/ ST-Working Capital Limits	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](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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