

Shreem Electric Limited

May 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	314.57	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	256.82	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under 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. had, vide its press release dated March 20, 2023, placed the rating(s) of Shreem Electric Limited (SEL) under the 'issuer non-cooperating' category as SEL had failed to provide information for monitoring of the rating. SEL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated April 26, 2025, April 16, 2025, April 06, 2025, and numerous phone calls. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on May 21, 2024, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies).

Key weaknesses

Moderate scale of operation

SEL's scale of operation although improved remained moderate. During FY24 (refers to April 01 to March 31), the company's total operating income improved to Rs. 318.90 crore as against Rs. 261.23 crore in FY23.

Moderate capital structure and debt coverage indicators.

Capital structure marked by overall gearing continued to remain moderate owing to higher reliance on the external debt to fund its business operations. Debt coverage indicators marked by total debt/GCA stood at 20.36x for FY24 as against 74.12x for FY23.

Impending exit of PE investor

In October 2010, SEL had issued compulsorily convertible preference shares to FIL Capital Management (Mauritius) Ltd of Rs.65.99 crore. As per the terms of these shares, SEL has to give investors an exit route within the prescribed time period of three years ending in October 2018, failing which the investors had the right to call upon the company to buy back all or any of the shares stipulated by the investors. As per the revised agreement FIL's put option expiry date was extended till April 01, 2020. Currently, it is mutually decided that PE investor will exit through joint venture partners.

Susceptibility of the profit margin to volatility in the raw material prices

SEL's major raw material includes angles, channels, PP film, C.D oil which form about 25% of the total raw material cost. SEL has a price variation clause built in almost all its contracts; however, the same is based on an average price calculated as per the Indian Electricals and Electronics Manufacturing Association (IEEMA) calculator and not on the actual purchase price. Moreover, there exists no price variation clause for escalation in price of other components/ raw materials such as C.P Oil and cement prices, etc. which are not covered by IEEMA. Hence, SEL's profit margins are susceptible to volatility in input prices to a certain extent.

Highly competitive industry because of the fragmented and tender-driven nature of business

The electrical engineering procurement and construction industry is fragmented in nature with a large number of medium scale players present at regional level. This coupled with the tender-driven nature of contracts poses huge competition and puts pressure on the profit margins of the players. SEL is a regional player with electrical, civil and structural works contracts primarily concentrated towards few clients. Furthermore, SEL faces fierce competition from other companies for new orders.

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

Deterioration in operating profit margin

PBILDT margin declined marginally and remained at 12.88% in FY24 as against 13.59% in FY23. PAT margin remained at 2.22% in FY24.

Key Strengths

Experienced promoters and long track record of the company's operations

Established in 1976, SEL (earlier named as Shreem Capacitors Private Ltd) is promoted by its founding promoter Shahaji R Jagdale. S.R Jagdale has over four decades of experience in electrical engineering industries. Furthermore, S. R. Jagdale is also supported by his sons, Vikas Jagdale (Joint MD) and Vishal Jagdale (ED) who have around two decades of experience in the industry.

Long track record of operations in the electrical component manufacturing and EPC business

SEL has been present in the electrical component manufacturing business since more than four decades. The company is also present in the electrical EPC business since 1996. Over the period of time the company increased its product portfolio from capacitors to other electrical components such as circuit breakers, control and relay panels, lightening arresters, switch gears, panel making, etc. The company is one of the leading domestic manufacturers of medium and high voltage capacitors segment with a total installed capacity of 1,000-million-volt ampere reactor. In EPC segment the company undertakes contract for erection of distribution substations, capacitor banks etc. and has executed various orders up to 400 KVA for several state electricity boards. Besides state electricity boards, SEL also caters to a wide spectrum of transformer users in a variety of industries such as cement, steel, power, railway applications, mining, etc.

Applicable criteria

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

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Nonfinancial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Shreem electric Limited (SEL) was incorporated on January 02, 1976, by Shahji R. Jagdale in the name of Shreem Capacitors Private Ltd. On December 30, 2009, the company's name was changed to Shreem Electric Private Ltd. Furthermore, on February 26, 2010, the company was converted into a public limited company, and the name was changed to the present one. SEL is currently into Engineering, Procurement and Construction (EPC) for the erection of sub-stations as well as in the manufacture of components used in EPC. Under the EPC segment, the company has executed various orders up to 400 KVA for various state electricity boards. SEL has backward integration in the form of component/ parts /tower manufacturing facilities. The products manufactured by SEL includes wide range of medium and high/ low voltage capacitors, capacitor banks, circuit breakers, control & relay panels, lightening arrestors, switchgear, water-cooled capacitors, substation structures, etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	261.23	318.90
PBILDT	35.49	41.07
PAT	1.12	7.09
Overall gearing (times)	1.12	0.80
Interest coverage (times)	1.02	1.21

A: Audited; 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-Cash Credit		-	-	-	251.94	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	10-06-2026	62.63	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	256.82	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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	251.94	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (21-May-24)	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (20-Mar-23)
2	Non-fund-based - ST-BG/LC	ST	256.82	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (21-May-24)	-	1)CARE A4; ISSUER NOT COOPERATING* (20-Mar-23)
3	Fund-based - LT-Term Loan	LT	62.63	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (21-May-24)	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (20-Mar-23)

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

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	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 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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