



Press Release

Ess Ess Kay Engineering Company Private Limited (SSK)

15 May 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities- Cash Credit	32.50	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facilities - Term Loan	2.01(reduced from Rs 2.90 crore)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities-BG	10.25(reduced from Rs 14 crore)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Total	Rs 44.76 crore (Rupees Forty-four crore and seventy-six lakhs only)				

Details of Facilities/Instruments areas in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its ratings on the bank facilities of Ess Ess Kay Engineering Company Private Limited (SSK). The rating continues to derive strength from comfortable credit profile and capital structure, healthy order book, established track record of operations and experienced management, However, the ratings are constrained on account of moderate revenue and profitability, vulnerability of profitability to movement in prices of raw materials and sectoral concentration risk.

The Stable outlook reflects the Infomerics view, that SSK will continue to benefit from the experience of its promoters in the industry and the established relationship with its customers



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which will translate into growing scale of operations along with improved profitability margins. The company is also expected to maintain comfortable capital structure and debt protection metrics with strong liquidity position.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in scale of operations, backed by significant improvement in profitability margins while maintaining the current credit profile on a sustained basis

Downward Factors

- Any further deterioration in the revenue and/or profitability and/or credit profile on a sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Comfortable credit profile and capital structure

The capital structure marked by adjusted overall gearing has slightly deteriorated and stood at 0.63x as on March 31, 2024 {vis-à-vis 0.58x as on March 31, 2023} on account of increase in the total debt of the company. Owing to above, total outside liabilities to adjusted tangible net worth ratio has also stood at 1.25x as on March 31, 2024 {vis-à-vis 1.04 x as on March 31, 2023}. However, the same will be expected to improve in the projected years.

Healthy order book

SSK has unexecuted orders of Rs 205 crore as on April 2025 which is 1.04x of TOI of FY 24 and 1.08x of expected TOI of FY25. The same is expected to be executed over the next 14 months, providing medium term revenue visibility.

Established track record of operations and experienced management.

Incorporated in 1964, SSK has more than six decades of track record in the industry. A long track record in the industry has enabled the Company to establish a strong customer base



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over these years. The current promoter, Mr. Nitin Khosla (Managing Director), himself has more than 4 decades of experience in manufacturing electrical switches and allied products.

Key Rating Weaknesses

Moderate revenue and profitability

The total operating income of the SSK has improved by 24.54% to Rs. 196.43 crore in FY24 from Rs.157.73 crore in FY23 (refers to the period from 1st April to 31st March), mainly on account of higher execution of orders. EBIDTA and PAT margin stood at 9.17% and 5.75% respectively in FY24, broadly at similar levels as the previous year (9.47% and 4.94% respectively) The TOI is expected to reduce to Rs 188.29 crore in FY25 (Projection).

Profitability remains vulnerable to movement in prices of raw materials and sectoral concentration risk.

SSK is exposed to fluctuation in the prices of key raw materials, given the fixed price nature of orders. Moreover, the company's profitability is also susceptible to intense competition owing to the presence of various organized and unorganized players. The company's major revenue is derived from sales to Indian Railways (~72% in FY24). Increased share of supply to the Indian Railways limits the pricing flexibility and bargaining power, thereby impacting the profitability further. However, long-term association of the SSK with Indian Railways helps in repeated orders which provides revenue visibility for the short to medium term.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Criteria on assigning rating outlook](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)



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Liquidity – Adequate

SSK has adequate liquidity characterized by sufficient cushion in accruals vis-à-vis repayment obligations. The company is expected to generate adequate gross cash accruals in the range of Rs. 11-12 crore in the projected period FY25-27 as against expected debt repayment of around Rs. 2.33 crore in FY 25, Rs 1.41 crore in FY 26 and Rs 1.50 crore in FY 27. Further, its average fund based working capital utilization for the 12 months ended March 2025 stood around ~62.94% which provides sufficient liquidity buffer.

About the Company

SSK was incorporated in the year 1964, and engaged in manufacturing of modular switches, regular switches, board mounting switches, MCB, changeover switches, distribution board and panels, power control panels, mounted air conditioning unit for Indian Railways and LED lights, etc. The company currently operates under the brand name of 'SSK'.

Financials (Standalone):

For the year ended/ As on*	INR in Crore	
	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	157.73	196.43
EBITDA	14.94	18.02
PAT	7.83	11.45
Total Debt	#29.62	39.25
Tangible Net worth	49.65	61.21
EBITDA Margin (%)	9.47	9.17
PAT Margin (%)	4.94	5.75
Overall Gearing Ratio (x)	#0.58	0.63
Interest Coverage(x)	11.67	9.64

* Classification as per Infomerics' standards

Rs 1.28 crore unsecured loan, is treated as Quasi equity and accordingly amount of total debt and overall gearing ratio has been revised from the last publish PR.

Status of non-cooperation with previous CRA: Brickwork Ratings in their press release dated October 8,2024, have continued to classify Ess Ess Kay Engineering Company Private Limited as ISSUER NOT COOPERATING on account of lack of information.



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Any other information: Not Applicable

Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2025-2026)			Rating History for the past years			
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating assigned in 2023-2024 (February 22,2024)	Date(s) & Rating assigned in 2021-22 (Dec 21,2022)	Date(s) & Rating assigned in 2021-22 (August 10, 2022)	Date(s) & Rating assigned in 2021-22 (May 21, 2021)
1.	Long Term Fund Based Facility – Term Loan	Long Term	2.01	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+; INC	IVR BB+/ Positive
2.	Long Term Fund Based Facility- Cash Credit	Long Term	32.50	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+; INC	IVR BB+/ Positive
3.	Short Term Fund Based Bank Facility – Bank Guarantee	Short Term	10.25	IVR A3	IVR A3	IVR A3	IVR A4+; INC	IVR A4+

Name and Contact Details of the Rating Analyst:

Name: Sudarshan Shreenivas
 Tel: (022) 62396023
 Email: Sudarshan.shreenivas@infomerics.com

About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	March 2026	1.54	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
Term Loan	-	-	March 2029	0.47	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
Cash Credit	-	-	-	32.50	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
Bank Guarantee	-	-	-	10.25	IVR A3 (IVR A Three)

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-EssEss-Kay-Engi-15may25.pdf>

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

Annexure 4: List of companies considered for consolidated analysis: Not Applicable.



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

