



Press Release

S. S Khardekar India Private Limited (SSKIPL)

February 2, 2024

Ratings

Details of Facilities are in Annexure 1

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	20.21 (Reduced from 20.38)	IVR B+/ Stable (IVR Single B Plus with Stable Outlook)	Reaffirmed	Simple
Total	20.21 (Rupees Twenty crore and Twenty One lacs only)			

Detailed Rationale

The reaffirmation of the ratings to the bank facilities of S. S. Khardekar India Private Limited (SSKIPL) factors in extensive experience of promoters in the foundry industry, reputed customers, moderate customer concentration and continuous improvement in scale of operations. The ratings, however, are constrained by susceptibility of its profitability to fluctuations in raw materials prices and thin profitability margins of the company in FY23

Key Rating Sensitivities:

Upward Factors

- Improvement in scale of operations while maintaining operating profitability on a sustained basis
- Improvement in the capital structure, operating cycle and liquidity

Downward Factors

- Any decline in scale of operations and/or moderation in profitability leading to decline in the debt protection metrics
- Any debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the firm
- Elongation of operating cycle increasing dependency on external borrowings
- Any withdrawal of unsecured loans leading to deterioration in overall capital structure of the company



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters in the foundry industry**

SSKIPL promoters have a substantial experience in the foundry industry. While the key promoter, Mr. Santosh Khardekar has an experience of over 25 years, Mrs. Sonali Khardekar holds close to 13 years in the foundry industry. Further, the directors are well supported by an experienced team of professionals. The favorable location of the manufacturing unit in the industrial belt of Pune also provides location advantage in terms of proximity to customers and suppliers

- **Reputed Customers, moderate customer concentration**

SSKIPL's customer base consists of reputed entities from automobile industry. The company supplies Insulating Sleeves, Exothermic Sleeves, High Density Sleeves, Direct Pour System to its customers. Moreover, reputed client base ensures timely realization of receivables. The customer concentration has remained moderate indicating diversification of revenues

- **Continuous improvement in scale of operations of the company.**

SSKIPL's scale of operations improved in FY23. SSKIPL's sales improved to Rs.33.46 crore in FY23 compared to Rs.26.79 crore in FY22. Continuous improvement in scale of operations is attributed to the increase in product demand and adding new customers in its client list on regular basis. Further, sustained improvement in scale of operations will be key rating monitorable.



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Key Rating Weaknesses

Profitability vulnerable to fluctuations in raw material price

The key raw material, unexpanded perlite, inoculant etc, constitutes a major portion of its total raw material composition. Hence, its timely availability at favourable market prices plays a crucial role in sustaining margins for the company.

Thin profit margins of the company

SSKIPL reported thin profit margins in FY23. Company reported PBT and PAT margins of 1.39%, 1.30% in FY23 respectively compared to -4.59%, -2.95% in FY22 respectively. Further Company reported PBT margin of 3.38% for 9MFY24. Company's margins remained low due to intense competition exist in the industry.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on default recognition](#)



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Liquidity – Adequate

SSKIPL's liquidity remains adequate marked by its average utilization of cash credit limit to the extent of 96.36% for the twelve months ended September 2023. The company has reported adequate GCA of Rs.2.03 crore in FY23 against the scheduled debt repayment of Rs.1.94 crores. Current ratio reported at 1.02x as on March 31, 2023.

About the Company

S. S. Khardekar India Private Limited (SSKIPL), based out of Pune, was incorporated in the year 2014 by Mr. Santosh Khardekar and Ms. Sonali Khardekar. SSKIPL is engaged in manufacturing of foundry products such as Insulating Sleeves, Exothermic Sleeves, among others. These products are used as a consumable item in automobile foundry. The manufacturing facility is located at Shirur, Pune

Financials (Standalone)

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	26.79	33.46
EBITDA	2.67	4.31
PAT	(0.80)	0.44
Total Debt	22.25	20.49
Adj. Tangible Net Worth (Including Quasi Equity)	4.34	4.81
Ratios		
EBITDA Margin (%)	9.96	12.87
PAT Margin (%)	(2.95)	1.30
Adj. Overall Gearing Ratio(x)	5.13	4.26

*As per Infomerics' standards

Status of non-cooperation with previous CRA: CARE Ratings continued the ratings of SSKIPL to ISSUER NON COOPERATING category vide its press release dated December 9, 2022 due to non-availability of information for monitoring of the rating and non-payment of the surveillance fees.

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (November 11, 2022)	Date(s) & Rating(s) assigned in 2021-22 (August 16, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loans	Long Term	14.71	IVR B+/Stable	IVR B+/Stable	IVR BB-/Stable	-
2.	Cash Credit	Long Term	5.50	IVR B+/Stable	IVR B+/Stable	IVR BB-/Stable	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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 ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information 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
Cash Credit	-	-	Revolving	5.50	IVR B+/Stable
Term Loans	-	-	Up to March 2029	14.71	IVR B+/Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-SS-Khardekar-2feb24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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.