



HEAVY LIFT TO THE PEAK

SHETHIA ERECTORS AND MATERIAL HANDLERS LTD.

SAFE, EFFICIENT, MODERN, HEAVY LIFT SERVICE WITH TIMELY DELIVERY

15th July, 2021

BSE Limited,
 Listing Department
 Whole Sale Debt Market Segment
 Phiroze Jeejeebhoy Towers
 Dalal Street,
 Mumbai - 400 001

Debenture Trustee
 Catalyst Trusteeship Limited
 Address: Windsor, 6th Floor, Office No. 604,
 C.S.T. Road, Kalina,
 Santacruz (East), Mumbai – 400098

Sub: Intimation of Credit Rating in terms of Regulation 55 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Dear Sir/Madam,

Pursuant to Regulation 55 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, we wish to inform you that the Company has received Rating from ICRA in relation to outlook of the credit rating assigned to below NCDs of the company and credit facilities from Bankers:

Particulars	Amount (in 'Cr')	Rating Action
Non-Convertible Redeemable Debentures	Rs. 75 Cr.	ICRA BB/Stable (No Change in Rating)
Bank Facilities Short Term / Long Term (Rated on Long Term Scale)	Rs. 300 Cr.	ICRA BB/Stable (No Change in Rating)

ICRA has reaffirmed its corporate credit rating as "BB Stable". We request you to take the above information on record and the same be treated as compliance of Regulation 51(2), Regulation 56(1)(c) and the other applicable provisions of the SEBI Listing Regulations.

Thanking you in anticipation,

Yours faithfully,

For Shethia Erector's and Material Handlers Ltd

Mitesh Shethia
Mitesh Laxmikant Shethia
 Managing Director
 DIN-00020232



Place: Thane

REGISTERED OFFICE : CENTRUM UNIT NO. 807, 808 & 809, OPP TMC OFFICE, NEAR SATKAR GRANDE HOTEL, WAGLE ESTATE THANE (W)-400604. MAHARASHTRA, INDIA. PHONE:- +91-22-62550400 & 401.

OPERATIONS : OLD MUMBAI - PUNE ROAD, NEAR ARIVALI SCHOOL, ARIVALI, PANVEL, DIST. RAIGADH - 410206 MAHARASHTRA, INDIA.
 PHONE : +91-2143-239614 + 91-2143-239615 E-mail : info@shethia.co.in Website : www.shethia.co.in



ICRA

ICRA Limited

Ref: ICRA/Shethia Erectors and Material Handlers Limited/13072021/1

Date: July 13, 2021

Mr. Manoj Chaudhari
Chief Executive Officer
Shethia Erectors and Material Handlers Limited
Godrej Coliseum, B Wing, 1301, 13th Floor
Behind Everad Nagar, Off Eastern Express Highway
Sion (E), Mumbai - 400 022.

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 300.00 crore bank facilities (details as per Annexure) of Shethia Erectors and Material Handlers Limited

Please refer the Rating Agreement dated May 9, 2020 executed between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review its ratings, on an annual basis, or as and when the circumstances so warrant. Based on a review of the latest developments, the Rating Committee of ICRA, after due consideration has reaffirmed the long term rating at [ICRA]BB (pronounced ICRA double B) ("Rating"). Outlook on the long-term rating is Stable. Instruments with [ICRA]BB rating indicate moderate risk of default regarding timely servicing of financial obligations.

In any of your publicity material or other document wherever you are using the above Rating, it should be stated as [ICRA]BB (Stable).

The aforesaid ratings will be due for surveillance any time before July 8, 2022. However, ICRA reserves the right to review and/or, revise the above Rating(s) at any time on the basis of new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s). Therefore, request the lenders and Investors to visit ICRA website at www.icra.in for latest Rating(s) of the Company.

The Ratings are specific to the terms and conditions of the bank facilities as indicated to us by you, and any change in the terms or size of the same would require a review of the Ratings by us. In case there is any change in the terms and conditions or the size of the rated bank facilities, the same must be brought to our notice before the bank facilities is used by you. In the event such changes occur after the Ratings have been assigned by us and their use has been confirmed by you, the Ratings would be subject to our review, following which there could be a change in the Ratings previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the bank facilities from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.



ICRA

ICRA Limited

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated bank facilities availed by your company.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

**MATHEW
KURIAN
ERANAT**

Digital signature by MATHEW KURIAN ERANAT
DN: cn=o_Personal,
2.5.4.11=uid, 2.5.4.3=mail, 2.5.4.6=telephonenumber, 2.5.4.7=proxyAddress
postCode=560048, st=KARNATAKA, India
serialNumber=49/59594648651111
subject=CN=mathew.kuriyan@crunchbase.com
commonName=MATHEW KURIAN - IAB GALORE
prseudonym=9058aa37384d47a555bbdd3e4708
24_email-MATHEW.KURIAN@CRUNCHBASE.COM

Mathew Kurian Eranat

Vice President

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Registered Office: B-710, Statesman House, 148, Barakhamba Road, New Delhi 110001 Tel. +91-11-23357940-45

RATING

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INFORMATION



ICRA

ICRA Limited

Ref: ICRA/Shethia Erectors and Material Handlers Limited/13072021/2

Date: July 13, 2021

Mr. Manoj Chaudhari
Chief Executive Officer
Shethia Erectors and Material Handlers Limited
Godrej Coliseum, B Wing, 1301, 13th Floor
Behind Everad Nagar, Off Eastern Express Highway
Sion (E), Mumbai - 400 022.

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 75.00 crore Non-Convertible Debenture (NCD) of Shethia Erectors and Material Handlers Limited

Please refer the Rating Agreement dated May 9, 2020 executed between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review its ratings, on an annual basis, or as and when the circumstances so warrant. Based on a review of the latest developments, the Rating Committee of ICRA, after due consideration has reaffirmed the long term rating at [ICRA]BB (pronounced ICRA double B) ("Rating"). Outlook on the long-term rating is Stable. Instruments with [ICRA]BB rating indicate moderate risk of default regarding timely servicing of financial obligations.

In any of your publicity material or other document wherever you are using the above Rating, it should be stated as [ICRA]BB (Stable).

The Ratings are specific to the terms and conditions of the NCD as indicated to us by you, and any change in the terms or size of the same would require a review of the Ratings by us. In case there is any change in the terms and conditions or the size of the rated NCD, the same must be brought to our notice before the NCD is used by you. In the event such changes occur after the Ratings have been assigned by us and their use has been confirmed by you, the Ratings would be subject to our review, following which there could be a change in the Ratings previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the NCD from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated NCD issued by your company.



ICRA

ICRA Limited

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

MATHEW

KURIAN
ERANAT

Mathew Kurian Eranat

Vice President

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RATING

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July 13, 2021

Shethia Erectors and Material Handlers Limited: Ratings reaffirmed

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Non-Convertible Debenture	75.00	75.00	[ICRA]BB (Stable) reaffirmed
Fund Based - Cash Credit	25.50	25.50	[ICRA]BB (Stable) reaffirmed
Fund Based - Overdraft	16.54	16.54	[ICRA]BB (Stable) reaffirmed
Fund Based - Buyer's Credit	10.00	10.00	[ICRA]BB (Stable) reaffirmed
Fund Based - Term Loan	161.29	161.29	[ICRA]BB (Stable) reaffirmed
Non-fund Based - Bank Guarantee	11.67	11.67	[ICRA]BB (Stable) reaffirmed
Unallocated Limits	75.00	75.00	[ICRA]BB (Stable) reaffirmed
Total	375.00	375.00	

*Instrument details are provided in Annexure-1

Rationale

The reaffirmation in rating reflects Shethia Erectors and Material Handlers Limited's (SEMHL) established market position in the domestic crane rental business with over three decades of experience. The rating also factors in the strong fleet of equipment and its reputed clientele base comprising of multiple end-user industries such as wind, thermal power, refinery and petrochemicals, steel and cement, which ensures repeat business for the company. The rating further takes into consideration the diversified geographical presence, with domestic operations in more than ten states, and the overseas presence in the Middle East and Sri Lanka.

The rating, however, remains constrained by the capital intensive operations, which along with moderation in capacity utilisation, has impacted the return indicators of the company. ICRA notes that the company's capacity utilisation levels remain susceptible to infrastructure activity in the economy and hence, any subsequent pandemic waves and its prolonged impact could adversely impact the operations of the company. The rating also factors in the stretched working capital cycle on account of slow realisation of debtors from group companies in Middle East and the prolonged delay in resolution of some of its stuck receivables from domestic clients, which has resulted in a stretched liquidity position. Consequently, the company has been stretching its payables to support the liquidity. ICRA notes that the company has raised Rs. 53 crore from Non-Convertible Debentures (NCD) from SBI Funds Management Private Limited and SBI Special Situations Fund - I (SBI Funds) in December 2019 and around Rs. 70 crore from term loans in FY2021 to refinance its shorter tenure equipment loans, which has eased the burden on cashflows. Despite this, SEMHL's operational cash flows are expected to remain tightly matched against the impending debt obligations and hence, timely support through monetisation of assets held for sale in Middle East, proposed loan against property (LAP) or draw down of second tranche of Rs. 22 crore of NCD from SBI Funds will remain crucial in case of any exigency.

The Stable outlook on the [ICRA]BB rating reflects ICRA's opinion that SEMHL will continue to maintain its business positioning in the crane rental industry and will benefit from its reputed customer profile, which ensures repeat business.

Key rating drivers and their description

Credit strengths

Established market position with strong equipment fleet - SEMHL is among the top domestic crane rental players with over three decades of experience. The company has a reputed clientele from multiple end-user industries such as wind, thermal power, refinery and petrochemicals, steel, cement, infrastructure etc. It has strong fleet of equipment with 133 cranes and 36 trailers ranging from 100 tonne to 1200 tonne and having cumulative lifting capacity of 22,179 tonne as on March 31, 2021. The fleet mix remains healthy with equipment up to 300 tonne accounting for 51% of the total capacity. Further, around 65% of the equipment capacity is newly acquired, while the remaining is pre-owned.

Diversified geographical presence - SEMHL has domestic and overseas presence with pan India operations in more than ten states domestically and overseas presence in Middle East and Sri Lanka. Though the Middle East operations have been facing headwinds in past few years, the company is exploring opportunities in other international markets.

Credit challenges

Capital-intensive operations along with moderate capacity utilisation levels impacts return indicators – The capital-intensive operations along with the moderate capacity utilisation levels has constrained the company's profitability and consequently, its return indicators. The capacity utilisation declined to 48% in FY2021 from 63% in FY2020 due to which its ROCE stood at 4.9% in FY2021 compared to 10.0% in FY2020. Further, the capacity utilisation levels of the company remain susceptible to infrastructure activity in the economy and hence, any subsequent pandemic waves and its prolonged impact could adversely impact the operations of the company. Besides this, the non-revenue yielding investment in wind turbine in the absence of PPA since April 2019, owing to dispute with the discom, Rajasthan Urja Vikas Nigam Limited, has further suppressed the ROCE as the company continues to service the debt obligations related to this capex.

High dependence on refinancing - The company raised Rs. 53 crore in December 2019 from NCD and around Rs. 70 crore of term loans to refinance its shorter tenure equipment loans, which has eased the burden on cashflows. Given the high impending debt obligations, moderation in cashflows due to pandemic disruptions and slowdown in Middle East operations, SEMHL continues to be exposed to refinancing risk. However, the presence of sanctioned lines of ~Rs. 22 crore of NCD from SBI Funds, asset monetisation plans for Middle East operations and proposed LAP mitigates the refinancing risk to some extent. The ability of the company to timely act on the latter two remains crucial.

Stretched working capital cycle - Owing to slow realisation of debtors from group companies and prolonged delays in resolution of some its stuck receivables from domestic clients, SEMHL's working capital cycle has remained elongated in the past years. Consequently, the creditors were stretched to support the liquidity. However, there has been an improvement in realisation of receivables from group companies in Middle East (~Rs. 4 crore were outstanding as on June 30, 2021 compared to ~Rs. 25 crore as on March 31, 2020), which supported the liquidity in FY2021 and Q1 FY2022 to some extent. Despite this, around 47% of the company's receivables of ~Rs. 66 crore as on March 31, 2021 were outstanding for more than 180 days (~Rs. 19.8 crore were outstanding from one domestic client against whom the matter is sub-judice). The capex creditors were reduced to Rs. 7.9 crore in FY2021 from Rs. 28.4 crore in FY2020 as the company entered into a sale and leaseback transaction with a major creditor, while the balance were paid.

Liquidity position: Stretched

SEMHL's liquidity position is **stretched** due to inadequate cash accruals vis-à-vis debt repayments in FY2021 and limited cushion in working capital limits. Going forward, the cashflow from operations are expected to remain tightly matched with the impending debt obligations; hence, timely support through monetisation of assets from Middle East operations, refinancing with proposed LAP or draw down of second tranche of Rs. 22 crore from NCD will remain critical in case of any exigency.

Rating sensitivities

Positive factors - Sustained improvement in the revenues and profitability along with an improvement in working capital cycle could lead to a rating upgrade. Specific credit metric that could lead to an upgrade includes DSCR above 1.3 times on a sustained basis.

Negative factors - Any further decline in the capacity utilisation levels and gross yields, which exerts pressure on the company's profitability and liquidity position, could lead to a rating downgrade. Furthermore, worsening of the working capital cycle could also put downward pressure on the company's ratings. Specific credit metrics that could lead to a downgrade includes Total Debt/OPBDITA above 4 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity.

About the company

Incorporated in 1989, Shethia Erectors and Material Handlers (SEMHL) is an established crane rental service provider in India with a fleet of 133 cranes and 36 trailers with capacities in the range of 100-1200 tonne per vehicle having cumulative lifting capacity of 22,179 tonne as on March 31, 2021. Its registered office is in Mumbai and has a workshop in Panvel. SEMHL has domestic and overseas presence with pan India operations in more than ten states domestically and overseas presence in Middle East (UAE and Qatar) and Sri Lanka. SEMHL has deployed ~12% of its capacity in the Middle East and the operations are managed by Shethia Investment and Management Limited (SIML is a 100% subsidiary of SEMHL), based in the UAE. SEMHL provides cranes on dry lease to its locally held groups companies in the UAE and Qatar. SIML earns investment and management fees from the surplus earned by the Dubai-based local entity.

Key financial indicators (audited)

Standalone	FY2019	FY2020	FY2021*
Operating Income (Rs. crore)	153.3	152.2	109.8
PAT (Rs. crore)	9.1	10.1	(8.5)
OPBDIT/OI (%)	53.1%	59.8%	54.0%
PAT/OI (%)	5.9%	6.7%	-7.7%
Total Outside Liabilities/Tangible Net Worth (times)	2.7	2.2	2.0
Total Debt/OPBDIT (times)	3.9	3.3	4.7
Interest Coverage (times)	2.6	2.6	1.7

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; *FY2021 - Provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on Mar-21 (Rs. crore)	Date & Rating in	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
1	Non-Convertible Debenture	Long-term	75.00	51.67	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
2	Cash Credit	Long-term	25.50	NA	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
3	Overdraft	Long-term	16.54	NA	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
4	Buyer's Credit	Long-term	10.00	NA	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
5	Term Loan	Long-term	161.29	156.94	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
6	Bank Guarantee	Long-term	11.67	NA	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-
7	Unallocated Limits	Long-term	75.00	NA	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	-

Amount in Rs. crore; Not yet sanctioned

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-Term - Non-Convertible Debenture	Simple
Long-Term - Cash Credit	Simple
Long-Term - Overdraft	Simple
Long-Term - Buyer's Credit	Simple
Long-Term - Term Loan	Simple
Long-Term - Bank Guarantee	Simple
Long-Term - Unallocated Limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE07B807013	Non-Convertible Debenture	Dec-19	14%	Dec-24	53.00	[ICRA]BB (Stable)
NA	Non-Convertible Debenture	To be placed	-	-	22.00	[ICRA]BB (Stable)
NA	Cash Credit	NA	NA	NA	25.50	[ICRA]BB (Stable)
NA	Overdraft	NA	NA	NA	16.54	[ICRA]BB (Stable)
NA	Buyer's Credit	NA	NA	NA	10.00	[ICRA]BB (Stable)
NA	Term Loan	FY2017	~9.5%	FY2026	161.29	[ICRA]BB (Stable)
NA	Bank Guarantee	NA	NA	NA	11.67	[ICRA]BB (Stable)

NA	Unallocated Limits	NA	NA	NA	75.00	[ICRA]BB (Stable)
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Source: Shethia Erectors and Material Handlers Limited

Annexure-2: List of entities considered for consolidated analysis: Not applicable

ANALYST CONTACTS

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



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Branches



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