

Press Release
SHASHI CATERING SERVICES
January 07, 2026
Rating Upgraded & Withdrawn



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	7.70	ACUITE BB+ Upgraded & Withdrawn	-
Bank Loan Ratings	3.00	-	ACUITE A4+ Upgraded & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	10.70	-	-

Rating Rationale

Acuité has upgraded and withdrawn its long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE C**' (read as **ACUITE C**) and its short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.10.70 Cr. bank facilities of Shashi Catering Services (SCS). The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

Rationale for rating

The rating upgrade takes into account the regularization in the account conduct of SCS. The rating also considers the growing profitability albeit declining revenue and moderate financial risk profile of the firm. However, the rating is constrained on account of the intensive working capital operations of the firm, competitive nature of industry and geographical concentration risk.

About the Company

Incorporated in 1996 by Mr. Shashidhar Shetty, based in Gujarat, Shashi Catering Services is engaged in providing catering services to large scale industries, corporates, retails etc.

Unsupported Rating

Not Applicable

Analytical Approach

The team has considered the standalone business and financial risk profile of Shashi Catering Services to arrive at the rating.

Key Rating Drivers

Strengths

Extensive experience of management

SCS is promoted by Mr. Shashidhar Shetty, who has been involved in the business of industrial

catering for more than three decades. Over the years, they have established longstanding relationship with reputed clients and also expanded operations in regions other than its home region i.e. Gujarat. Besides Gujarat, the firm has presence in 12 other states. SCS's clientele includes reputed names like Suzuki Motors, Indian Oil Corporation Limited, Hero Motocorp Limited and Apollo Tyres Limited, among others.

Improving profitability despite decline in operating revenue

The revenue of the firm declined to Rs. 123.58 Cr. in FY2025 from Rs. 165.97 Cr. in FY2024, on account of transfer of business operations to its group entity. However, despite reducing revenue, the profitability of the firm has improved and EBITDA margin stood at 8.72 percent in FY2025 from 5.29 percent in FY2024 due to lower input costs on account of bulk procurement and price escalation clauses. For 7M FY2026, the revenue stood at Rs. 54.46 Cr.

Moderate financial risk profile

The financial risk profile of SCS is marked by low networth, low gearing and adequate debt coverage metrics. The tangible networth stood low at Rs. 38.29 Cr. on March 31, 2025. (Rs. 36.11 Cr. in PY). The gearing continues to remain below unity at 0.63 times in FY2025 (0.41 times in FY2024). The TOL/TNW and Debt to EBITDA levels stood moderate at 1.08 times and 2.19 times respectively in FY2025 as against 1.04 times and 1.65 times in FY2024.

Further, the coverage metrics stood adequate with interest coverage ratio (ICR) at 7.01 times and debt service coverage ratio (DSCR) at 2.77 times in FY2025.

Weaknesses

Intensive working capital operations

The intensive working capital operations of the SCS are evident from the gross current assets (GCA) of 173 days in FY2025 (122 days in PY). The GCA days are driven by debtor days that stood at 33 days in FY2025 and high other current assets. The creditor days stood at 77 days in FY2025 as against 67 days in FY2024. This has led to increased reliance on working capital limits, which led to an average utilization of 81.60 percent for the last six months ended September 2025.

Presence in a highly competitive industry

The industrial catering sector faces rising input costs, strict food safety regulations, and workforce shortages that pressurize margins and service consistency. Supply chain disruptions, contract renewal risks and demand fluctuations further affect stability, while intense competition limits pricing flexibility and bargaining power. However, the price escalation clause in major contracts provides a cushion against these fluctuations.

Inherent risk of capital withdrawal

The proprietorship concern is susceptible to the inherent risk of capital withdrawal given its constitution. Any significant withdrawal of the proprietor's capital will have a negative bearing on the financial risk profile of the entity.

Rating Sensitivities

Not Applicable

Liquidity Position

Adequate

The adequate liquidity position of SCS is evident from the generation of sufficient net cash accruals (NCAs) of Rs. 9.41 Cr. against maturing repayment obligations of Rs. 2.39 Cr. in FY2025. The current ratio stood healthy at 2.96 times in FY2025. SCS also had an unencumbered cash and bank balance of Rs. 2.56 Cr. on March 31, 2025. Further, the average bank limit utilization stood high at 81.60 percent for the last six months ended September 2025.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	123.58	165.97
PAT	Rs. Cr.	8.71	6.53
PAT Margin	(%)	7.05	3.93
Total Debt/Tangible Net Worth	Times	0.63	0.41
PBDIT/Interest	Times	7.01	5.05

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Sep 2025	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Cash Credit	Long Term	6.25	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Working Capital Term Loan	Long Term	1.45	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
24 Jun 2024	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	6.25	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Working Capital Term Loan	Long Term	1.45	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
27 Mar 2023	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	6.25	ACUITE BBB- Positive (Reaffirmed)
	Working Capital Term Loan	Long Term	1.45	ACUITE BBB- Positive (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank Of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A4+ Upgraded & Withdrawn (from ACUITE A4)
Bank Of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.25	Simple	ACUITE BB+ Upgraded & Withdrawn (from ACUITE C)
Bank Of Baroda	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	1.45	Simple	ACUITE BB+ Upgraded & Withdrawn (from ACUITE C)

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About Acuité Ratings & Research

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