

Press Release

S.M. Engineering Works

April 24, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.65	ACUITE D Downgraded Issuer not co-operating*	-
Bank Loan Ratings	1.10	-	ACUITE D Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	7.75	-	-

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE D' (read as ACUITE D)**' from '**ACUITE B-' (read as ACUITE B minus)**' and the short term rating to '**ACUITE D' (read as ACUITE D)**' from '**ACUITE A4' (read as ACUITE A four)**' on the Rs.7.75 crore bank facilities of S M Engineering Works. The rating continues to be flagged as "Issue Not Cooperating" and is based on the best available information and is on account of information risk. The downgrade is on the account of the suit filed against the company as mentioned in the defaulter list published by CIBIL.

About the Company

SMEW, established in 2006 in Mumbai, is a partnership firm engaged in fabrication and manufacturing of boilers. The partners of SMEW are Mr. M. Sekar and Mr. V. Shanmugam. Mr. Sekar, (Managing Partner), has an experience of more than two decades in the similar line of business.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation

by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating continues to be flagged as "Issuer notcooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuite endeavored to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Key Financials

The rated entity has not shared the latest financial statements despite repeated requests

Rating Sensitivity

No information provided by the issuer / available for Acuite to comment upon

Material Covenants

None

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon

Outlook: Not Applicable

Other Factors affecting Rating

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.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
14 Oct 2022	Cash Credit	Long Term	6.25	ACUITE B- (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.10	ACUITE A4 (Issuer not co-operating*)
	Term Loan	Long Term	0.15	ACUITE B- (Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	0.25	ACUITE B- (Issuer not co-operating*)
16 Jul 2021	Working Capital Demand Loan	Long Term	0.25	ACUITE B- (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.10	ACUITE A4 (Issuer not co-operating*)
	Term Loan	Long Term	0.15	ACUITE B- (Issuer not co-operating*)

	Cash Credit	Long Term	6.25	ACUITE B- (Issuer not co-operating*)
20 Apr 2020	Term Loan	Long Term	0.15	ACUITE B- (Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	0.25	ACUITE B- (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.10	ACUITE A4 (Issuer not co-operating*)
	Cash Credit	Long Term	6.25	ACUITE B- (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	1.10	ACUITE D Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.25	ACUITE D Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.15	ACUITE D Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	0.25	ACUITE D Downgraded Issuer not co-operating*

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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