

Press Release
Surface Treatment Systems

March 22, 2022



Rating Downgraded and Issuer not co-operating

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|---------------------|---|---|
| Bank Loan Ratings | 1.50 | - | ACUITE A4 Downgraded Issuer not co-operating* |
| Bank Loan Ratings | 6.50 | ACUITE B+ Downgraded Issuer not co-operating* | - |
| Total Outstanding Quantum (Rs. Cr) | 8.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE B+**' (read as **ACUITE single B plus**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) and the Short term rating to **ACUITE A4** (read as **ACUITE A4**) from **ACUITE A4+** (read as **ACUITE A4 plus**) on the Rs.8.00 crore bank facilities of Surface Treatment Systems. The rating continues to be flagged as "Issuer NotCooperating" and is downgraded on account of information risk.

About the Company

Surface Treatment Systems was established in 1990 by Mr. Sadashivaiah. The concern is engaged in manufacturing of chassis parts, engine parts, braking systems, clutch components for automotive sector. It is also having a service unit, which is engaged in powder coating and liquid painting of various automotive components. The concern is located in CIPCOT, Hosur, Tamil Nadu which is at close proximity to many. It is a TIER I supplier to Ashok Leyland Ltd., Luk India Ltd., VST Tillers & Tractors Ltd.

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 the due date.

This rating continues to be flagged as "Issuer not-cooperating", 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.

About the Rated Entity - 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 Acuité to comment upon.

Material Covenants

Not Applicable

Liquidity Position

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

Outlook

Not Applicable

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>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|------------|-----------------|--|
| 22 Dec 2020 | Proposed Term Loan | Long Term | 1.25 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Term Loan | Long Term | 2.23 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Proposed Bank Facility | Long Term | 1.22 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Bank Guarantee | Short Term | 1.50 | ACUITE A4+ (Issuer not co-operating*) |
| | Cash Credit | Long Term | 1.00 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Working Capital Term Loan | Long Term | 0.80 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Proposed Bank Facility | Long Term | 1.22 | ACUITE BB (Issuer not co-operating*) |

| | | | | |
|-------------|---------------------------|------------|------|---------------------------------------|
| 04 Oct 2019 | Bank Guarantee | Short Term | 1.50 | ACUITE A4+ (Issuer not co-operating*) |
| | Working Capital Term Loan | Long Term | 0.80 | ACUITE BB (Issuer not co-operating*) |
| | Cash Credit | Long Term | 1.00 | ACUITE BB (Issuer not co-operating*) |
| | Proposed Term Loan | Long Term | 1.25 | ACUITE BB (Issuer not co-operating*) |
| | Term Loan | Long Term | 2.23 | ACUITE BB (Issuer not co-operating*) |
| 01 Aug 2018 | Bank Guarantee | Short Term | 1.50 | ACUITE A4+ (Assigned) |
| | Cash Credit | Long Term | 1.00 | ACUITE BB Stable (Assigned) |
| | Term Loan | Long Term | 2.23 | ACUITE BB Stable (Assigned) |
| | Working Capital Term Loan | Long Term | 0.80 | ACUITE BB Stable (Assigned) |
| | Proposed Bank Facility | Long Term | 1.22 | ACUITE BB Stable (Assigned) |
| | Proposed Long Term Loan | Long Term | 1.25 | ACUITE BB Stable (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Rating |
|--|----------------|----------------------------------|------------------|----------------|----------------|-------------------|---|
| Small Industries Development Bank of India | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | 1.50 | ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A4+) |
| Small Industries Development Bank of India | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | 1.00 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable | Not Applicable | Not Applicable | 1.22 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |
| Not Applicable | Not Applicable | Proposed Term Loan | Not Applicable | Not Applicable | Not Applicable | 1.25 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |
| Small Industries Development Bank of India | Not Applicable | Term Loan | Not available | Not available | Not available | 2.23 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |
| Small Industries Development Bank of India | Not Applicable | Working Capital Term Loan | Not available | Not available | Not available | 0.80 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |

Contacts

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About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 8,850 credit 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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