

Press Release
SM MUKKI MARINE ENGINE GEAR BOXS PRIVATE LIMITED
September 30, 2025
Rating Assigned and Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	25.00	ACUITE BBB- Stable Upgraded	-
Bank Loan Ratings	8.00	-	ACUITE A3 Assigned
Bank Loan Ratings	31.00	-	ACUITE A3 Upgraded
Total Outstanding Quantum (Rs. Cr)	66.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to ‘**ACUITE BBB-**’ (read as **ACUITE Triple B Minus**) from **ACUITE BB+** (read as **ACUITE Double B plus**) and the short-term rating to ‘**ACUITE A3**’ (read as **ACUITE A Three**) from ‘**ACUITE A4+**’ (read as **ACUITE A Four plus**) on the Rs. 56.00 crore bank facilities of SM Mukki Marine Engine Gear Boxs Private Limited (SMPL). The outlook is ‘**Stable**’.

Further, Acuite has assigned the long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE Triple B Minus**) and the short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A Three**) on the Rs. 10.00 crore bank facilities of SM Mukki Marine Engine Gear Boxs Private Limited (SMPL). The outlook is ‘**Stable**’.

Rationale for Rating

The rating upgrade considers the group’s improved operating performance, characterised by an increase in operating income and improved profitability margins. The rating also benefits from the management’s extensive experience. It continues to draw comfort from the group’s adequate liquidity position and moderate financial risk profile, characterised by moderate net worth, gearing, and debt protection metrics. However, the rating continues to remain constrained on account of moderate financial risk profile, working capital intensive operations and susceptibility of profitability to competitive industry.

About the Company

SM Mukki Marine Engine Gear Boxs Private Limited (SMPL) is based out of Nagercoil, Tamil Nadu and was incorporated in the year 2016. The company is engaged in the assembling and manufacturing of marine gear boxes, marine engines and ancillary parts. SMPL is promoted by Mr. Sudalaiyandi Murugan and family. The company has its manufacturing facility located in Nagercoil with an installed capacity of 2,400 units per annum as on March 31, 2025. Present directors of the company are Mr. Sudalaiyandi Murugan, Mr. P Murugan, Mrs. M Baby Chandra, Mr. M Gopinathan and Mrs. M Baghavathi.

About the Group

SMPL is a part of SM Group that consists of SM Mukki Marine Engine Gear Boxs Private Limited (SMPL) and SM Marains Advances Gearboxes India Private Limited (SMAG). The group is promoted by Mr. Sudalaiyandi Murugan and family. SM Group is engaged in manufacturing, trading, and servicing of marine engines, marine gear boxes and other ancillary parts with presence in 11 coastal states of India.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of SM Marains Advances Gearboxes India Private Limited (SMAG) and SM Mukki Marine Engine Gear Boxes Private Limited (SMPL), together known as SM Group, to arrive at this rating. The consolidation is on account of common promoters, similar branding and line of business.

Key Rating Drivers

Strengths

Established track record, experienced management, and well diversified presence

The promoters have vast experience in trading and servicing marine engines and gearboxes through their association with SM Engineering Works, incorporated in 1962, and subsequently with SM Marains Advance Gear Boxes India Private Limited (SMAG) in 2006. Further, SMPL was established in 2016. The group is an authorised dealer of Hangzhou Advance Gearbox Group Co. (China) and Sinotruk Limited (China) in India. Additionally, SM Group has partnered with one of the leading marine engine manufacturers, M/s Mitsubishi Heavy Industries, to sell their premium marine engines for heavy-duty commercial marine applications in the Indian region. This involves trading Mitsubishi machinery in the Indian market. Furthermore, the group has a presence in over 11 coastal states in India and operates a manufacturing unit located in Nagercoil, Tamil Nadu. SM Group also has a wide presence across India with 29 branches, 32 service centres, and dedicated call centres. Its widespread geographical reach ensures recurring orders from existing customers and enables better service to strengthen long-standing relationships. Acuité believes that the group will continue to benefit over the near to medium term on account of its experienced management and long-standing relationships with customers and suppliers.

Improvement in Revenue and Profitability Margins

The group's revenue improved and stood at Rs. 308.56 crore in FY25 (Prov.) as compared to Rs. 282.02 crore in FY24. The revenue growth in FY25 (Prov.) was driven by an increase in orders and improved demand for its products during the year. The consolidated revenue of the group stood at around Rs. 155.76 crore as on 31st August 2025. Till 31st August 2025, the standalone revenue of SMPL stood at Rs. 66.67 crore, whereas SMAG's revenue stood at Rs. 89.09 crore. The standalone revenue of SMPL stood at Rs. 126.30 crore in FY25 (Prov.) as against Rs. 105.29 crore in FY24; however, the major contribution came from SMAG, which recorded revenue of Rs. 182.25 crore in FY25 (Prov.) as against Rs. 176.73 crore in FY24. Revenue is further expected to improve in the near to medium term as the group plans to venture into the manufacturing of hybrid marine engines. SM Group has a wide geographical presence, enabling it to cater to all major coastal areas and the fishermen community. SMAG's revenue also improved due to better demand in the trading segment and an enhanced distribution network.

The SM Group has recently entered into tie-ups with Hangzhou Advance Gearbox Group Co. (China), Sinotruk Limited (China), M/s Mitsubishi Heavy Industries, Cummins India, Yamaha, and Eicher, among others. This diversification in brands has also contributed significantly to the improved revenue. The EBITDA margin stood at 5.11 per cent in FY25 (Prov.) against 4.74 per cent in FY24. The PAT margin improved to 1.50 per cent in FY25 (Prov.) from 1.27 per cent in FY24. Going forward, the group's revenue and profitability margins are expected to improve in the near to medium term.

Weaknesses

Moderate Financial Risk Profile

The group's financial profile is moderate, marked by modest gearing, moderate net worth, and modest debt protection metrics. The net worth of the group improved to Rs. 47.59 crore in FY25 (Prov.) from Rs. 42.98 crore in FY24, due to profit accretion to reserves and USL from promoters of Rs. 10.51 crore being considered as quasi-equity. The group's total debt as on March 31, 2025 (Prov.) stood at Rs. 53.82 crore as compared to Rs. 56.48 crore as on March 31, 2024; comprising long-term debt of Rs. 7.60 crore, short-term debt of Rs. 43.69 crore, and maturing debt repayment obligations of Rs. 2.53 crore. The gearing of the group stood modest at 1.13

times as on March 31, 2025 (Prov.) against 1.31 times as on March 31, 2024. TOL/TNW stood at 2.91 times as on March 31, 2025 (Prov.). Further, the debt coverage indicators remained modest, with interest coverage ratio (ICR) and debt service coverage ratio (DSCR) at 2.26 times and 1.48 times during FY25 (Prov.) against 1.84 times and 0.91 times during FY24. Acuite believes that, the financial risk profile of the group would remain moderate on account of modest net worth base.

Working capital intensive operations

SM Group has intensive working capital operations, with average gross current asset (GCA) days standing over 207 days during FY23 to FY25 (Prov.). GCA increased to 201 days in FY25 (Prov.) against 191 days in FY24, on account of higher inventory levels. Inventory days increased and stood at 111 days in FY25 (Prov.) against 104 days in FY24, due to the company stocking up raw materials and finished goods to fulfil its customers' orders within a week's time. The debtor days stood rangebound at 79 days for FY25 (Prov.). The average credit period allowed to customers is around 60–90 days. The creditor days of the group stood at 99 days for FY25 (Prov.) as against 93 days for FY24. The average credit period allowed by suppliers is around 60–90 days. The average bank limit utilisation for fund-based working capital limits stood at ~89.85 per cent, and for non-fund-based working capital limits stood at ~87.32 per cent for the last 06 months ending July 2025. Acuite believes that the ability of the group to improve its working capital cycle over the medium term will remain a key rating sensitivity factor.

Rating Sensitivities

- Consistent improvement in revenues and profitability
- Improvement in debt protection metrics
- Any deterioration in the working capital cycle leading to stress on the liquidity position

Liquidity Position

Adequate

SM Group's liquidity is adequately marked by sufficient net cash accruals against its maturing debt repayment obligations. The group's net cash accruals stood at Rs. 7.33 crore as on March 31, 2025 (Prov.), against maturing debt repayment obligations of Rs. 2.57 crore for the same period. The cash and bank balances of the group stood at Rs. 0.19 crore as on March 31, 2025 (Prov.). The current ratio stood at 1.29 times as on March 31, 2025 (Prov.). Further, the group is expected to generate sufficient net cash accruals in the range of Rs. 8–Rs. 10 crore from FY2026–27 against its maturing repayment obligations of around Rs. 3 crore in the same tenure. However, the working capital operations of the group are intensive, marked by its gross current asset (GCA) days of 201 days for FY25 (Prov.) as against 191 days for FY24. The average bank limit utilisation for the 06-month period ended July 2025 stood at ~89.85 per cent for the fund-based limits and ~87.32 per cent for the non-fund-based limits. Acuite believes that, going forward, the liquidity of the group is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	308.56	282.02
PAT	Rs. Cr.	4.62	3.59
PAT Margin	(%)	1.50	1.27
Total Debt/Tangible Net Worth	Times	1.13	1.31
PBDIT/Interest	Times	2.26	1.84

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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
23 Aug 2024	Letter of Credit	Short Term	21.50	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	9.50	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	23.50	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	1.50	ACUITE BB+ Stable (Assigned)
01 Nov 2023	Letter of Credit	Short Term	21.50	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	3.50	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
06 Sep 2023	Letter of Credit	Short Term	7.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	14.50	ACUITE A4+ Upgraded
	Term Loan	Long Term	3.50	ACUITE BB Stable (Upgraded from ACUITE BB-)
	Cash Credit	Long Term	20.00	ACUITE BB Stable (Upgraded from ACUITE BB-)
19 Jul 2022	Cash Credit	Long Term	20.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Short-term Loan	Long Term	8.07	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Term Loan	Long Term	5.85	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Working Capital Term Loan	Long Term	4.08	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB- Stable Assigned
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	31.00	Simple	ACUITE A3 Upgraded (from ACUITE A4+)
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A3 Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Name of the Companies
1	SM Mukki Marine Engine Gear Boxs Private Limited
2	SM Marains Advances Gearboxs India Private Limited

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About Acuité Ratings & Research

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