



Press Release
SRM CONTRACTORS PRIVATE LIMITED
August 07, 2023

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	51.00	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	55.00	-	-

Rating Rationale

Acuite has downgraded its long term rating from '**ACUITE BBB**' (read as **Acuite Triple B**) to '**ACUITE BB+**' (read as **Acuite double B plus**) on Rs. 4.00 Cr. long term bank facilities and further downgraded its short term rating from '**ACUITE A3+**' (read as **Acuite A three plus**) to '**ACUITE A4+**' (read as **Acuite A four plus**) on Rs. 51.00 Cr. short term bank facilities of SRM Contractors Private Limited. The rating is now indicative as 'Issuer Not Cooperating' and based on best available information.

Rationale for rating action

The rating has been migrated to INC (issuer not cooperating) category as the issuer has failed to submit No Default Statement (NDS) for the last three month ended July 31, 2023. Acuite has made attempts to seek information from the issuer with regards to the recent developments but has not received any response.

About the Company

SRM Contractors Private Limited is a Jammu based company was incorporated in September 2008. The company is engaged in Infrastructural projects such as roads, bridges, canals, dams, tunnels and small hydro projects. The company has in past executed various work orders for both Private and Government clients. The company is managed by Mr. Sanjay Mehta (Managing Director), who has 18 years of experience in Administration, Manufacturing & construction field. Vinod Kohli has more than 38 years of experience in execution of civil projects especially in Irrigation & flood control, tunnels and hydropower. Mr. Vikas Vaid has more than 20 years of experience in project planning and execution.

Non-cooperation by the issuer/borrower

Acuite has been requesting for No Default Statements (NDS); however, despite multiple requests; the Company's management has remained non-cooperative and not submitted the NDS for the preceding 03 consecutive months.

Acuite had also requested for data/clarifications, 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.

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 is therefore being 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). Acuité has endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

"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

None

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	263.63	161.13
PAT	Rs. Cr.	14.64	7.75
PAT Margin	(%)	5.55	4.81
Total Debt/Tangible Net Worth	Times	0.79	1.30
PBDIT/Interest	Times	12.39	7.65

Status of non-cooperation with previous CRA

Brickworks through its PR dated 04-08-2022 declared that the issuer is not cooperating and hence flagged the case as Issuer Not Cooperating.

Any other information

The client has not submitted the NDS for the past 3 Months ending 31 July 2023, despite repeated requests and followups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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
27 Jun 2022	Bank Guarantee	Short Term	9.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BBB Stable (Assigned)
	Secured Overdraft	Long Term	3.00	ACUITE BBB Stable (Assigned)
	Proposed Bank Guarantee	Short Term	0.50	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	41.50	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	41.50	ACUITE A4+ Downgraded Issuer not co-operating*
J&K Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	9.00	ACUITE A4+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	0.50	ACUITE A4+ Downgraded Issuer not co-operating*
J&K Bank	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE BB+ 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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