

Press Release
SMO FERRO ALLOYS PRIVATE LIMITED
April 08, 2025
Rating Downgraded and Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term
Bank Loan Ratings	100.25	ACUITE C Downgraded	-
Bank Loan Ratings	5.00	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	105.25	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to 'ACUITE C' (read as ACUITE C) from 'ACUITE BB-' (read as ACUITE double B minus) and reaffirmed its short-term rating of 'ACUITE A4' (read as ACUITE A four) on Rs.105.25 Cr. bank facilities of SMO Ferro Alloys Private Limited (SFAPL).

Rationale for downgrade:

The rating downgrade is on account of delays in debt servicing in recent months reflecting in the credit bureau information report of the company.

About the Company

Incorporated in 2018, SMO Ferro Alloys Private Limited (SMO) is a Ratlam, Madhya Pradesh based company engaged in the business of manufacturing ferro alloys. The company is headed by Mr. Saiyyed Akhtar Ali and Mr. Saiyyed Avesh Ali.

About the Group

Established in 2018, MO Infra (MOI) undertakes trading of silico manganese in Madhya Pradesh. The firm is headed by Mr. Saiyyed Akhtar Ali. Established in 2003, Saiyyed Akhtar Ali (SAA) is a Ratlam, Madhya Pradesh based firm. The partners are Mr. Saiyyed Akhtar Ali, Mr. Mohabbat Ali (brother of Akhtar Ali), Mr. Saiyyed Afsar Ali (brother of Akhtar Ali) and Mr. Saiyyed Avesh Ali (son of Mr. Akhtar Ali). The firm is engaged in the business of civil construction (government and nongovernment work), trading of silico manganese, supplier of sand, gitti, stone chips and other construction material. Established in 2016, VR Construction (VRC) is a Ratlam, Madhya Pradesh based firm engaged in the business of civil construction, trading of silico manganese, supplier of sand, gitti & other construction material and manufacturing of crushed stones. VRC is promoted and headed by Mr. Mohabbat Ali. Based in Ratlam, Madhya Pradesh, SA Infra (SAI) is established in 2016. The firm undertakes civil construction work, trades silico manganese, supplies stone chips. SAI is promoted and headed by Mr. Saiyyed Afsar Ali. Established in 2017, Owais Ali Overseas (OAO) is based in Ratlam, Madhya Pradesh. The firm is engaged in the business of manufacturing and trading of Manganese oxide and silico manganese. The firm is headed by Mr. Saiyyed Avesh Ali. Established in 2017, Garib Nawaz Infra (GNI) is a Ratlam, Madhya Pradesh based firm engaged in the business of manufacturing and trading of Manganese oxide and silico manganese and supplying stone chips. The firm is headed by Mr. Hasim Khan and Mr. Saiyyed Mohabbat Ali.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profiles of Saiyyed Akhtar Ali (SAA), V R Construction (VRC), SMO Ferro Alloys Private Limited (SMO), Gharib Nawaz Infra (GNI), Owais Ali Overseas (OAO), SA Infrastructure (SAI) and M O Infra (MOI), together referred to as the SAA group. The consolidation is in view of common management, operational & financial linkages between the entities and similar line of business.

Key Rating Drivers

Strengths

Long track record and diversified business operations

The group has established a long track record of operations of around three decades. SAA group has started its business in 1995 and later formed a partnership firm in 2003 as M/s Saiyyed Aktar Ali. The business is managed by Mr. Saiyyed Aktar Ali, along with his three brothers and sons. The group has a diversified stream of operations with presence in civil construction which contributes around 20 per cent of the total revenues, manufacturing business around 40 per cent and trading of ferro alloys contributes nearly 40 per cent. The diversified revenue streams mitigate the impact of cyclicalities and competitive pressures in any particular business segment. In addition, the group has 4 running leased quarry of stones in Madhya Pradesh. The group also has an oxygen manufacturing plant required for the manufacturing of ferro alloys where excess production is sold in the open market. Acuité derives comfort from the group's diversified business operations and the long-standing presence in the industry.

Weaknesses

Constitution as a partnership/proprietorship entity

SAA group comprising of total 2 partnership and 4 proprietorship entity, is exposed to inherent risk of the partners' capital being withdrawn at time of personal contingency and entity being dissolved upon the death/insolvency of the partner. Furthermore, such entities have restricted access to external borrowing.

Rating Sensitivities

- Regular servicing of debt obligations

Liquidity position: Poor

The liquidity position of the group is marked poor as there have been delays in debt servicing by SMO Ferro Alloys Private Limited in recent months.

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	295.82	205.95
PAT	Rs. Cr.	32.29	15.84
PAT Margin	(%)	10.92	7.69
Total Debt/Tangible Net Worth	Times	0.89	0.64
PBDIT/Interest	Times	3.17	3.03

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

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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>

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
05 Apr 2024	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4 (Assigned)
	Cash Credit	Long Term	13.50	ACUITE BB- Stable (Upgraded from ACUITE D)
	Cash Credit	Long Term	10.00	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	76.75	ACUITE BB- Stable (Assigned)
19 Feb 2024	Cash Credit	Long Term	13.50	ACUITE D (Downgraded from ACUITE BBB- Stable)
30 Nov 2023	Cash Credit	Long Term	13.50	ACUITE BBB- Stable (Reaffirmed)
01 Sep 2022	Cash Credit	Long Term	13.50	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.50	Simple	ACUITE C Downgraded (from ACUITE BB-)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE C Downgraded (from ACUITE BB-)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2032	76.75	Simple	ACUITE C Downgraded (from ACUITE BB-)

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

S.No	Company Name
1	Saiyyed Akhtar Ali
2	M O Infra
3	SMO Ferro Alloys Private Limited
4	VR Constructions
5	Gharib Nawaz Infra
6	Owais Ali Overseas
7	SA Infrastructure

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About Acuité Ratings & Research

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