

**Press Release**  
**SRI SRINIVASA CONSTRUCTIONS INDIA PRIVATE LIMITED**  
**December 27, 2024**  
**Rating Upgraded**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	88.40	ACUITE A-   Stable   Upgraded	-
Bank Loan Ratings	322.10	-	ACUITE A2+   Upgraded
Total Outstanding Quantum (Rs. Cr)	410.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long term rating to ‘ACUITE A-’ (read as ACUITE A minus) from ‘ACUITE BB+’ (read as ACUITE double B Plus) and the short-term rating to ‘ACUITE A2+’ (read as ACUITE A two Plus) from ‘ACUITE A4+’ (read as ACUITE A four plus) on the Rs.410.50 Cr. bank facilities of Sri Srinivasa Constructions India Private Limited (SSCIPL). The outlook is ‘Stable’.

**Rationale for Rating**

The rating upgrade considers the migration of SSCIPL from ‘Issuer Not Co-operating (INC)’ status. The rating factors in the significant improvement in operating income and healthy financial risk profile of the company. The rating further draws comfort from experienced management and established track record of the company. However, the rating is constrained due to moderately intensive working capital operations, volatility in raw material prices amidst tender based nature of business and geographical concentration risk.

**About the Company**

The Karnataka based, Sri Srinivasa Constructions (SSC) was established in 1992 as a partnership firm by Mr. Y. Pitcheswara Rao and Mr. Y.V.S. Rama Krishna. In the year 2009, Sri Srinivasa Constructions India Private Limited (SSCIPL) was incorporated to take over the running operations of SSC. The company undertakes civil construction works including water supply projects, buildings, irrigation projects, industrial projects, road projects and power transmission projects in Karnataka, Andhra Pradesh, Tamil Nadu, Meghalaya and Telangana.

SSCIPL is a registered Class 1 contractor for various departments including Public Work Departments (PWD), Panchayat Raj Engineering Department (PRED), Public Health Engineering Department (PHED) among others. The present directors of the company are Mr. Yaralagadda Pitcheswara Rao and Mr. Yaralagadda Ramakrishna Venkateshiva.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone financials and risk profile of SSCIPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

### **Experienced promoters and established nature of operations**

The company promoted by Mr. Y. Pitcheswara Rao and Mr. Y.V.S. Rama Krishna with their work experience closer to three decades, are engaged in undertaking civil construction works including water supply projects, buildings, irrigation projects, industrial projects, road projects and power transmission projects in Karnataka, Andhra Pradesh, Tamil Nadu, Meghalaya and Telangana. SSC IPL is a registered Class 1 contractor for various departments including Public Work Departments (PWD), Panchayat Raj Engineering Department (PRED), Public Health Engineering Department (PHED) etc. The company is also a Category 1 contractor for various divisions of water authority of the state of Karnataka. The promoters experience helped the company in establishing long-term relations with its customers, contractors and suppliers.

### **Significant improvement in operating income backed by healthy order book position**

SSCIPL reported significant growth in its operating performance wherein the revenues stood at Rs.755.64 Cr. in FY2024 as against Rs 343.92 Cr. in FY2023. The company has achieved a revenue of Rs.379.94 Cr. in H1FY25 and are expecting to close the year at Rs.800 Cr. The company has unexecuted order book of Rs. 1912.12 Cr. as of November 2024, which gives significant revenue visibility for the medium term.

Acuite, believes that the company would exhibit strong operating performance going ahead on the back of its healthy order book position.

Acuite believes that, SSC IPL will maintain healthy financial risk profile on the back of low reliance on long term debt and strong operating performance, however any deterioration in financial risk would remain a key rating monitorable.

### **Healthy financial risk profile**

The financial risk profile of the company stood healthy marked by comfortable net worth, gearing and debt protection metrics. The tangible net worth stood at Rs.157.85 crore as on 31 March 2024 as against Rs.122.64 crore as on 31 March 2023. The total debt of the company stood at Rs.38.02 crore which mainly consist of working capital facilities. The gearing (debt-equity) stood at 0.24 times as on 31 March 2024 as compared to 0.60 times as on 31 March 2023. Interest Coverage Ratio stood at 4.94 times for FY2024 as against 3.75 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 3.64 times in FY2024 as against 2.86 times in FY2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 1.02 times for FY2024 as against 0.25 times for FY2023.

### **Weaknesses**

#### **Moderately intensive working capital management**

The operations of SSC IPL are moderately working capital intensive due to improved in FY2024 on the back of end of the year realisation of debtors to a large extent. The company reported GCA days of 103 days in FY2024 as against 219 days in FY2023. The debtor days stood at 17 days in FY2024 as against 70 days in FY2023. The creditor days stood at 132 days in FY2024 as against 411 days in FY2023. However, the inventory days remain around 33 days in FY2024 as against 93 days in FY2023. The fund-based limit utilisation for 7 month ended October 2024 stood at 90% and non-fund based stood at 37.69%.

Acuite expects the working capital management to remain moderately intensive over the medium term due to the nature of the business

#### **Volatile in raw material prices amidst tender based nature of operations impacting profitability**

Most EPC projects undertaken by the company has a gestation period of 12-36 months, and during this period, profitability remains susceptible to fluctuations in the input prices. However, majority of orders in hand have a built-in inflation index-linked price escalation clause, depending upon the extent of coverage of the actual increase in input prices, which mitigates the risk to an extent. SSC IPL operates in infrastructural construction industry which is highly competitive with presence of large number small, regional and large players. EPC projects executed by the company are tender based with wins going to, the lowest bidder qualifying the terms and conditions stipulated by the respective agencies floating the bids. The operating profit margins of the company stood at 7.71% in FY2024 as against 8.53% in FY2023 and 7.26% in FY2022.

Acuite believes, this puts strain on profitability of the company in cases where the bidding gets aggressive.

#### **Geographic concentration of projects**

Majority of the projects executed by the company are based out of Karnataka which is responsible for a large portion of the revenue in FY24 resulting in exposure to significant geographical and political risk. The company also have diversified to some extent picking up projects in Andhra Pradesh, Tamil Nadu, Meghalaya and Telangana.

### **Rating Sensitivities**

- Continuous Improvement in scale of operations while maintaining profitability
- Further elongation in working capital management
- Changes in financial risk profile

**Liquidity Position****Strong**

The liquidity position of SSC IPL is strong marked by sufficient net cash accruals against maturing debt obligations. The cash accruals of the company stood at Rs.38.75 crores against its maturing debt obligation of Rs.1.23 crore. Further the cash accruals are expected to remain in the range of Rs.43-50 crore against maturing debt obligation of Rs.0.15-1.65 crores. The company has unencumbered cash and cash equivalents of around Rs. 40 to 60 Cr. as on 31 March 2024. The current ratio of the company stood at 1.76 times in FY24.

**Outlook: Stable****Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	755.64	343.92
PAT	Rs. Cr.	35.21	15.97
PAT Margin	(%)	4.66	4.64
Total Debt/Tangible Net Worth	Times	0.24	0.60
PBDIT/Interest	Times	4.94	3.75

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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, 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Oct 2024	Bank Guarantee/Letter of Guarantee	Short Term	50.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Bank Guarantee/Letter of Guarantee	Short Term	60.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	71.60	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Letter of Credit	Short Term	30.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Proposed Bank Guarantee	Short Term	13.40	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Cash Credit	Long Term	20.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+   Stable)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+   Stable)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+   Stable)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+   Stable)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+   Stable)
	Cash Credit	Long Term	20.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+   Stable)
04 Aug 2023	Bank Guarantee/Letter of Guarantee	Short Term	50.00	ACUITE A2 (Upgraded from ACUITE A4+)
	Bank Guarantee/Letter of Guarantee	Short Term	60.00	ACUITE A2 (Upgraded from ACUITE A4+)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A2 (Upgraded from ACUITE A4+)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	71.60	ACUITE A2 (Assigned)
	Letter of Credit	Short Term	30.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A2 (Assigned)
	Proposed Bank Guarantee	Short Term	13.40	ACUITE A2 (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB+   Stable (Upgraded from ACUITE BB+)
	Cash Credit	Long Term	5.00	ACUITE BBB+   Stable (Upgraded from ACUITE BB+)
	Cash Credit	Long Term	5.00	ACUITE BBB+   Stable (Upgraded from ACUITE BB+)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BBB+   Stable (Upgraded from ACUITE BB+)

	Cash Credit	Long Term	20.00	ACUITE BBB+   Stable (Assigned)
30 May 2023	Bank Guarantee/Letter of Guarantee	Short Term	50.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2+)
	Bank Guarantee/Letter of Guarantee	Short Term	60.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2+)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2+)
	Cash Credit	Long Term	20.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A-   Stable)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A-   Stable)
	Cash Credit	Long Term	5.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A-   Stable)
22 Aug 2022	Cash Credit	Long Term	20.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	5.50	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	50.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	60.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A2+ (Reaffirmed)
27 May 2021	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	5.50	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	60.00	ACUITE A2+ (Reaffirmed)
15 Apr 2021	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	35.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A2+ (Reaffirmed)

**Annexure - Details of instruments rated**

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A2+   Upgraded ( from ACUITE A4+ )
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	62.10	Simple	ACUITE A2+   Upgraded ( from ACUITE A4+ )
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A2+   Upgraded ( from ACUITE A4+ )
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE A2+   Upgraded ( from ACUITE A4+ )
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	80.00	Simple	ACUITE A2+   Upgraded ( from ACUITE A4+ )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A-   Stable   Upgraded ( 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.	5.00	Simple	ACUITE A-   Stable   Upgraded ( from ACUITE BB+ )
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A-   Stable   Upgraded ( from ACUITE BB+ )
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A-   Stable   Upgraded ( from ACUITE BB+ )
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A-   Stable   Upgraded ( from ACUITE BB+ )
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A2+   Upgraded ( from ACUITE A4+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.40	Simple	ACUITE A-   Stable   Upgraded ( from ACUITE BB+ )
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A-   Stable   Upgraded ( from ACUITE BB+ )

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