



Press Release
SRI SATYA SAI INFRASTRUCTURE PRIVATE LIMITED
February 07, 2025
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	42.00	ACUITE C Downgraded	-
Bank Loan Ratings	41.00	-	ACUITE A4 Downgraded
Total Outstanding Quantum (Rs. Cr)	83.00	-	-
Total Withdrawn Quantum (Rs.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**) on the Rs. 42.00 Cr. bank facilities and the short-term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 41.00 Cr. bank facilities of Sri Satya Sai Infrastructure Private Limited (SSSIPL).

Rationale for downgrade:

The downgrade is on account of delay in servicing of debt obligation as confirmed by SSSIPL's banker.

About the Company

In 1980, Mr. Sathya Murthy Vemula was established a proprietorship concern under the name of VSM Constructions to undertake civil construction works. In 2006, it was converted to a private limited company and renamed as Sri Satya Sai Infrastructure Private Limited (SSSIPL). It is involved in civil construction projects, in particular in the fields of irrigation, water and roads. SSSIPL is registered as a Special Class contractor with major Government departments in Telangana and Andhra Pradesh. SSSIPL's day-to-day operations are being presently looked after by the director Mr. Sathya Murthy Vemula and his son of Mr. Ranjith Kumar Vemula.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of SSSIPL to arrive at the rating.

Key Rating Drivers

Strengths

- Established track record of promoters in executing civil construction business

The promoters, Mr. Sathya Murthy Vemula, have over three decades of experience in the civil construction business. The promoter is further supported by his son, Mr. Rajnath Kumar Vemula, along with other family members. The company's long tenure in the civil construction space has helped it establish strong relationships with various government bodies for repeated business.

Weaknesses

- Instance of delay in servicing of debt obligation

Instance of delay in servicing of term loan obligation by the company as confirmed by its banker.

Rating Sensitivities

Regular servicing of debt obligations

Liquidity Position: Stretched

The liquidity position of the company is marked stretched on account of instance of delay in servicing of term loan obligation by the company.

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	106.85	63.50
PAT	Rs. Cr.	6.02	3.53
PAT Margin	(%)	5.63	5.56
Total Debt/Tangible Net Worth	Times	0.34	0.73
PBDIT/Interest	Times	2.88	2.87

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
14 Aug 2024	Bank Guarantee (BLR)	Short Term	41.00	ACUITE A4+ (Reaffirmed)
	Secured Overdraft	Long Term	14.00	ACUITE BB Stable (Downgraded from ACUITE BB+ Stable)
	Secured Overdraft	Long Term	3.50	ACUITE BB Stable (Downgraded from ACUITE BB+ Stable)
	Proposed Long Term Bank Facility	Long Term	24.50	ACUITE BB Stable (Downgraded from ACUITE BB+ Stable)
24 May 2023	Bank Guarantee (BLR)	Short Term	41.00	ACUITE A4+ (Reaffirmed)
	Secured Overdraft	Long Term	14.00	ACUITE BB+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	3.50	ACUITE BB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	24.50	ACUITE BB+ Stable (Reaffirmed)
04 Mar 2022	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Assigned)
	Secured Overdraft	Long Term	9.00	ACUITE BB+ Stable (Assigned)
	Secured Overdraft	Long Term	5.00	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BB+ 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
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	41.00	Simple	ACUITE A4 Downgraded (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.	24.50	Simple	ACUITE C Downgraded (from ACUITE BB)
Canara Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE C Downgraded (from ACUITE BB)
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE C Downgraded (from ACUITE BB)

Contacts

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About Acuité Ratings & Research

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