



Press Release
SAIYYED AKHTAR ALI
February 19, 2024
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.22	ACUITE D Downgraded	-
Total Outstanding Quantum (Rs. Cr)	25.22	-	-

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 25.22 crore bank facilities of Saiyyed Akhtar Ali (SAA). The rating is downgraded on account of irregular account conduct as per the banker's feedback.

About Company

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.

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 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.

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.

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

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 cyclicity 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

Instance of delay and irregularities account conduct:

As per the banker feedback SAA group's account conduct is irregular with continuous over withdrawal and delays in debt repayment till recent past.

Rating Sensitivities

Timely servicing of debt obligations

Liquidity Position: Poor

Liquidity position of the company is poor as there are continuous over utilizations in the working capital facilities and delays in servicing of debt obligations.

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

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>
- 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
30 Nov 2023	Cash Credit	Long Term	25.22	ACUITE BBB- Stable (Reaffirmed)
01 Sep 2022	Bank Guarantee	Short Term	9.00	ACUITE A3 (Assigned)
	Working Capital Term Loan	Long Term	1.72	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	14.50	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.22	ACUITE D Downgraded (from ACUITE BBB-)

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

- Saiyyed Akhtar Ali
- MO Infra
- SMO Ferro Alloys Private Limited
- V R Construction
- Gharib Nawaz Infra
- Owais Ali Overseas
- SA Infrastructure

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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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