

Press Release

SHRI SATYA SAI BABA INFRA VENTURES PRIVATE LIMITED (ERSTWHILE SATYA SAI BABA)

February 19, 2024



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE BBB+ Stable Reaffirmed Negative to Stable	-
Bank Loan Ratings	71.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	96.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and its short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.96Cr. bank facilities of Shri Satyasai Baba Infra Ventures Private Limited (SSBIVPL). The outlook is revised to '**stable**' from '**Negative**'

Rationale for rating reaffirmation and revision in outlook:

The rating reaffirmation considers Shri Satyasai Baba Infra ventures Private Limited's (SSBIVPL) established track record, promoters extensive experience in the industry and improved operations in FY23. Acuite has revised its outlook to 'Stable' as the company has registered improvement in its operations during FY23 and same being sustained in the current year. The company has reported revenue of Rs.231.11Cr as on March 31, 2023 marking a growth rate of ~38 percent against the previous year while EBITDA margin moderated marginally yet remained healthy at 14.45 percent. Further, the company has already registered revenue of ~Rs.285 Cr till January 2024 supported by increased execution of orders. With current unexecuted orders of ~Rs.700Cr and expected additional orders worth ~Rs.750Cr the operations of the company expected to improve over the medium term.

The rating also draws comfort from the healthy financial risk profile, efficient working capital operations and strong liquidity position of the company. Going forward, the company's ability in sustaining the growth in revenue by timely executing the orders and maintaining healthy profitability will be a key rating monitorable.

About the Company

Established in 1997 as a proprietorship concern, and later reconstituted as a partnership firm in the year 2000, Shri Satya Saibaba Constructions (hereinafter referred to as SSSC) is a Latur-based firm promoted by Dilip Raosaheb Mane, Mrs. Savita Dilip Mane, Mr. Dinesh Mane and Mr. Ritesh Dilip Mane. The firm is engaged in civil construction and undertakes civil construction of roads, bridges and flyovers among others. The firm caters to Central Railways, State Government, NHAI and Public Works Department. In addition to this, SSSC has been reconstituted as a private limited company namely Shri Satyasai Baba Infra Ventures Private Limited (SSBIVPL) on 30th June, 2020 with existing partners becoming directors in the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of SSBIVPL to arrive at this rating.

Key Rating Drivers

Strengths

Established track record of operations, experienced management and reputed clientele:

Established in the year 1997 by Mr. Dilip Raosaheb Mane, SSBIVPL has been executing civil construction contracts in Maharashtra for more than two decades. Mr. Dilip Raosaheb Mane holds an experience of more than two decades in the aforementioned industry. The company is engaged in providing different types of civil construction services segments such as bridge constructions, road, water irrigation projects, dam construction under government and railway entities. The company only undertakes government projects located in Maharashtra and is expected to enter into the states of Telangana and Karnataka going ahead. With the help of extensive experience of promoters, the company has been able to undertake various projects from reputed government clientele such as Indian Railways, National Highway Authority of India (NHAI), and Public Works Department (PWD) among others.

Acuité believes that SSBIVPL will continue to benefit from its established track record of operations and experienced management.

Significant growth in operations with stable profitability:

The company's operations have improved significantly during FY23 primarily contributed by healthy order book and timely execution of the same. SSBIVPL has registered revenue of Rs.231.11Cr in FY23 implying a growth of 38 percent on previous year's revenue of Rs.167.52Cr, while EBITDA margin has marginally deteriorated yet remaining healthy at 14.45 percent in FY23 against 15.58 percent of FY22. Further the company has sustained similar growth in the current year with revenue of Rs.285Cr till January 2024 (Rs.160Cr till September 30, 2023). With healthy unexecuted order book position of Rs.700Cr as of January 2024, company is expected to sustain the growth in revenues over the medium term.

Healthy Financial risk profile:

The financial risk profile of the company has remained healthy with healthy capital structure and debt protection metrics. The net worth of the company stood at Rs.102.80 Cr as on March 31, 2023 against Rs.81.78 Cr during previous year. Improvement in net worth is primarily on account of accretion of profits to the reserves during the year. SCPL's capital structure is healthy marked with healthy gearing and total outside liabilities to total net worth (TOL/TNW) of 0.08 times and 0.60 times respectively as on March 31, 2023 as against 0.09 times and 0.77 times as on March 31, 2022. The coverage indicators were healthy with DSCR of 9.26 times as on March 31st 2023 as against 4.51 times as on March 31st 2022. Interest coverage stood at 20.09 times as on March 31st 2023 as against 14.90 times as on March 31st 2022. Debt to EBITDA continued to be healthy at 0.22 times in FY23 against 0.24 times of FY22.

Acuité believes that financial risk profile of the company is expected to remain healthy in absence of long term debt and healthy net worth position.

Efficient Working capital operations:

The working capital management of the company remained efficient with GCA days at 63 days as on March 31, 2023 as against 68 days as on March 31, 2022. Debtors collection period of the company stood low at 11 days in FY23 supported by timely receipt of funds from departments. Timely realization of bills from customers have led to prompt payment to suppliers as reflected by creditor days of 19 days in FY23. Efficient working capital operation have led to low dependency on its fund based working capital limits. The fund based limits utilization stood at an average of 35 percent during the past 12 months ending December 2023. Acuité believes that the efficient working capital management will be crucial to the SSBIVPL in order to maintain a stable credit profile.

Weaknesses

High dependence on government orders, mitigated by established relations and efficient liaisoning with government authorities

SSBIVPL does civil construction work mainly for Central Railway and Maharashtra Government, which indicates that the company's revenues are highly dependent on the number and value of tenders floated by State Government. Moreover, any further delays in the project execution of current projects along with the delayed receipt from Government and site related issues are likely to result in higher working capital requirements. However, this risk is mitigated, as SSBIVPL has established relations with State Government departments, which resulted in timely realizations and winning of tenders at regular intervals.

Rating Sensitivities

- Higher-than-expected operating income (OI) along with improvement in profitability
- Timely execution of order book and sustained increase in order inflow, providing revenue visibility in the medium term.
- Deterioration in working capital management leading to deterioration liquidity.

Liquidity Position: Strong

SSBIVPL's liquidity is strong marked by healthy Net cash accruals (NCA) to meet its debt repayment obligations. The company has reported NCA's of Rs. 26.84Cr as on March 31, 2023 against repayment obligations of Rs.1.31Cr for equipment loans for the same period. These loans are expected to be repaid during FY26. The cash accruals are estimated to remain in the range of Rs.37-49Cr in the medium term against debt repayment range of Rs.1.04Cr – 1.80Cr for the same period.

Besides, the company has Rs.7.84Cr unencumbered cash and bank balances as on March 31, 2023 which provides additional comfort towards liquidity. Adequate cash accruals and efficient working capital operations have led to low reliance on the fund based working capital limits which were utilized in the range of ~41 percent during the past 12 months ending January, 2024. Acuite believes that liquidity position of the company will remain strong in the medium term on account of sufficient NCA against repayment obligations.

Outlook: Stable

Acuite believes that SSBIVPL will continue to benefit over the medium term due to its experienced management and healthy order book providing revenue visibility. The outlook may be revised to 'Positive', in case of timely execution of its unexecuted order book leading to higher-than-expected revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case SSBIVPL registers lower-than-expected revenues and profitability or any higher than expected infusion of long term debt leading to the deterioration of its financial risk profile and liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	231.11	167.52
PAT	Rs. Cr.	21.17	17.38
PAT Margin	(%)	9.16	10.38
Total Debt/Tangible Net Worth	Times	0.08	0.09
PBDIT/Interest	Times	20.09	14.90

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Nov 2022	Cash Credit	Long Term	10.00	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Negative (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	20.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	15.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	36.00	ACUITE A2 (Reaffirmed)
03 Nov 2022	Cash Credit	Long Term	5.00	ACUITE BBB+ Negative (Assigned)
	Bank Guarantee	Short Term	36.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	17.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	3.00	ACUITE A2 (Assigned)
06 Aug 2021	Bank Guarantee	Short Term	16.50	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Negative (Reaffirmed)
	Proposed Bank Facility	Long Term	0.50	ACUITE BBB+ Negative (Assigned)
	Bank Guarantee	Short Term	36.00	ACUITE A2 (Reaffirmed)

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 avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	36.00	ACUITE A2 Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A2 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A2 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB+ Stable Reaffirmed Negative to Stable
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB+ Stable Reaffirmed Negative to Stable
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB+ Stable Reaffirmed Negative to Stable

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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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