

Super Hitech Engineers & Contractors

February 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	6.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	6.50	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Super Hitech Engineers & Contractors (SHEC) to monitor the rating(s) vide e-mail communications dated October 03, 2024, to January 15, 2025, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Super Hitech Engineers & Contractors. bank facilities will now be denoted as CARE BB-; Stable/ CARE A4; ISSUER NOT COOPERATING*

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised and migrated to INC category due to non-availability of requisite information due to non-cooperation by SHEC with CARE'S efforts to undertake a review of the rating outstanding. CARE Ratings views information availability risk as a key factor in its assessment of credit rating.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity will continue to benefit from the extensive experience of the promoters and management in the industry and established relationship with the customers/ suppliers.

At the time of last rating on January 3, 2024, the following were the rating weaknesses and strengths.

Detailed description of key rating drivers:

Key weaknesses

Decline in scale of operation in FY22, however, it has improved in 9MFY24

The total operating income of SHEC was declined in FY23 to Rs. 24.28 crore as against Rs. 45.13 crore. In FY23, the majority of the orders were in L1 position because of which there was slower execution of orders. However, in FY24, the company has been awarded with about Rs. 60 crores of order which lead to improvement in 8MFY24 operating income. In 8MFY24, the company has achieved a turnover of about Rs. 45 crores. Operating profit declined marginally to Rs. 3.26 crore in FY23 (FY22: Rs. 3.98 crore). Further, PAT (Profit After Tax) also declined to Rs. 1.29 crore from Rs. 2.48 crore.

Moderate order book with short term revenue visibility

SHEC has outstanding order of Rs. 72.60 crore as on November 20, 2023 which translates to 2.99x of gross billing of FY23 (A), which further indicates medium term revenue visibility. Whereas the company has Rs.14.60 crore worth of orders in L1 position which translates to 3.59x of gross billing of FY23, indicating medium term revenue visibility.

Customer and geographic concentration risk

The firm is a contractor for the state government of Telangana. The geographic presence of these customers is restricted to various districts of Telangana which reflects high geographical concentration risk along with customer concentration risk. However, the entire order book is funded by state government which partly mitigates the counter party risk.

Stretched working capital cycle:

The operating cycle deteriorated to 156 days in FY23 (PYE. 63 days). The company pays immediately for raw material purchased from the suppliers, however, about Rs. 8-9 crore worth of bills were not released in the month of March due to which the inventory levels were high at 152 days as on March 31, 2023, as against 62 days as on March

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

31, 2022. The company realised the bills for the same in the month of April. The collection days slightly deteriorated to 4 days in FY23 as against 1 day in FY22 primarily due to increase in retention money.

Constitution of the entity as partnership firm with inherent risk of withdrawal of capital

Constitution as a partnership has the inherent risk of possibility of withdrawal of the capital at the time of personal contingency which can adversely affect its capital structure. Furthermore, partnerships have restricted access to external borrowings as credit worthiness of the partners would be key factor affecting credit decision for the lenders. The partners have withdrawn capital to the tune of Rs. 0.35 crore during FY23.

Key strengths

Experienced promoters for over two decades in construction industry

SHEC is a partnership firm established by Mr. Mohammed Nazeeruddin in the year 1998. Mr. Mohammed Nazeeruddin, Mr. Mohammed Salahuddin, Mr. Mohammed Zaheeruddin and Mr. Mohammed Saifuddin are the partners of the firm and have more than two decades of experience in the field of civil construction. The firm is benefitted in terms of bagging new orders in competitive environment through the experience of the promoter in the civil construction business.

Comfortable capital structure and debt coverage indicators

The debt profile of SHEC consist of cash credit, term loan and loans from promoters. Overall gearing is deteriorated albeit remained comfortable at 1.18x in FY23 (FYE 0.28x) due to increase in loans from promoters coupled with an increase in term loan and higher cash credit utilisation as on March 31,2023. Further, TOL/TNW stands at 2.00x as on March 31,2023 (PYE 1.13x) and debt coverage indicators such as TDGCA ratio for FY23 stood at 5.68x (0.82x in FY22) and interest coverage ratio stands at 2.13x in FY23(PYE 4.30) due to decline in scale of operation and increased finance expenses.

Stable Industry Outlook

Construction industry in India is expected to grow by 12.0% to reach INR 45,907 billion in 2023. Despite near-term challenges in certain construction sectors, medium to long term growth story in India remains intact. The construction industry in India is expected to grow steadily over the next four quarters. The growth momentum is expected to continue over the forecast period, recording a CAGR of 9.9% during 2023-2027. Despite the surge in construction costs, government spending on infrastructure projects has remained strong in 2022, and the trend is projected to further continue in 2023. This along with the spending on commercial projects, including the construction of new data centres across the country, will keep supporting the growth of the construction industry over the next three to four years.

The government has announced a strong pipeline of infrastructure projects across different sectors. The spending on these projects is projected to keep assisting the growth of the overall construction industry in India over the next three to four years. To fund the infrastructure construction projects, the government has also entered into loan agreements with the Asia Development Bank. In January 2023, the Finance Ministry announced that the Indian government entered into a loan agreement worth US\$1.2 billion for funding infrastructure development in India. The loan agreement is expected to cover the development activities of highways in the Northeastern state of Assam and Tripura, among other projects. As the union government continues to prioritize the development of infrastructure, the government is projected to enter into more such agreements over the next three to four years. This will keep driving investment in the sector, thereby supporting the growth of the construction industry in India.

Liquidity: Adequate

Adequate liquidity marked by gross cash accruals of Rs. 1.78 crore as against repayment of about Rs. 1.05 crore. The average working capital utilisation is about 70-80% for past 12 months as per banker. This apart, cash and bank balance stand at Rs. 0.14 crore as on March 31,2023.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Nonfinancial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Super Hitech Engineers & Contractors (SHEC) was established in the year 1998 as a partnership firm by Mr. Mohammed Zaheeruddin along with his family members with registered office located at Hyderabad. SHEC is undertakes road work projects and other miscellaneous civil works. The clientele of the firm includes Telangana State Industrial Infrastructure Corporation (TSIIC), Roads & Buildings Department and various departments of the State Government of Telangana. The firm purchases inputs required for civil construction (like bitumen, aggregate etc.) from local suppliers in and around Hyderabad.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (UA)
Total operating income	45.13	24.28	~45.00
PBILDT	3.98	3.26	NA
PAT	2.48	1.29	NA
Overall gearing (times)	0.28	1.18	NA
Interest coverage (times)	4.30	2.13	NA

A: Audited UA: Unaudited; NA: Not Available Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	6.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	6.50	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	6.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (03-Jan-24)	1)CARE BB-; Stable (16-Jan-23)	1)CARE BB-; Stable (18-Oct-21)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	6.50	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4 (03-Jan-24)	1)CARE A4 (16-Jan-23)	1)CARE A4 (18-Oct-21)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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