

S S Infrastructure Development Consultants Limited

October 23, 2020

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	2.00	CARE C; ISSUER NOT COOPERATING* (Single C ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable)
Short Term Bank Facilities	8.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	10.00 (Rs. Ten Crore Only)		

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 06, 2019, placed the rating(s) of S S Infrastructure Development Consultants Limited (SSIDCL) under the 'Issuer non-cooperating' category as SSIDCL had failed to provide information for monitoring of the rating. SSIDCL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails from January 2020 to October 01, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

(Updated for the information available from NSE)

The revision in the rating assigned to the bank facilities of S S Infrastructure Development Consultants Limited on account of decline in profitability margins and stretched receivable days in FY20.

The ratings continues to be tempered by small scale of operations and decrease in total operating income in FY20, Tender based nature of operations. The ratings however underpinned by Experience of the partners for two decades in architecture planning. The rating also factors in comfortable capital structure and debt coverage indicators.

There were some delays in servicing interest obligations for the facilities sanctioned due to covid pandemic. However, the firm has availed RBI moratorium period for the rated facilities from March 2020 to August 2020.

Detailed description of the key rating drivers

Key Rating weakness

Small scale of operations and decrease in total operating income in FY20

The scale of operations of the company stood small with moderate net worth base of Rs. 50.19 crore. The Total operating income of the company has decreased by 10.58% during FY20 and stood at Rs. 25.44 crore as compared to 28.45 crore in FY19.

Marginal decline in profitability margins in FY20

The PBILDT margin has decreased by 887 bps from 37.00% in FY19 to 28.13% in FY20. Whereas, the PAT margin has decreased by 1009 bps from 21.96% in FY19 to 11.87% in FY20 on account of decrease in PBILDT in absolute terms

Elongated operating cycle

The operating cycle days of the company has been elongated from 291 days in FY19 to 503 days in FY20 due to increase in average collection period from 287 days in FY19 to 392 days.

Tender based nature of operations

The company receives most of the work orders from government organizations. All these are tender-based and the revenues are dependent on the company's ability to bid successfully for these tenders. Profitability margins could also come under

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

pressure because of competitive nature of the industry. However, the promoters' long industry experience around two decades mitigates this risk to some extent.

Key rating strengths

Experience of the partners for two decades in architecture planning

S S Infrastructure Development Consultants Private Limited (SSIDCL) was established in the year 2007 and has been in the service of design and architecture for the last two decades. The company is managed by Mr. Sundar Satyanarayana and Mr. Palle Seshagiri Rao. Mr. Sundar Satyanarayana is a qualified graduate and has two decades of experience in the architectural and engineering activities. Due to long experience of promoters, he was able to establish long term relationship with Chief Construction Engineer (R&D) of various state governments, Ministry of Defense, GoI and various private sector companies which has helped in developing his business and bag new orders.

Comfortable capital structure and debt coverage indicators.

The capital structure remained comfortable marked by overall gearing which deteriorated marginally and stood at 0.09x as on March 31, 2020 (as against 0.08x as on March 31, 2019) due to increase in total debt levels and substantial increase in net worth. The debt coverage indicators of the company have deteriorated marked by PBILDT interest coverage ratio and total debt/GCA, however remained moderate at 5.83x and 1.04x in FY20 respectively (as against 16.03x & 0.52x in FY19)

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology –Construction Sector](#)

About the Company

Telangana based, Integrated Infrastructure Development Solution Provider was established in the year 1997 as a partnership firm, promoted by Mr. Sundar Satyanarayana and Mr. Palle Seshagiri Rao. Later in the year 2007, the constitution of the entity was changed to Private Limited Company viz., S S Infrastructure Development Consultants Private Limited. Post in the year 2017, the constitution of the entity was changed to Limited company viz., S S Infrastructure Development Consultants Limited. The company offers various kinds of consultancy services which includes architectural & interior Designing, civil/structural designs, project management, repairs and rehabilitation, electrical, HVAC and other services for different types of projects. The company has four branches at various locations namely Bengaluru, Mumbai, New Delhi and Visakhapatnam. The company got listed on April 12, 2018 on NSE (Source: NSE website)

Brief Financials (Rs. crore)	31-03-2019	31-03-2020
	A	A
Total operating income	28.45	25.44
PBILDT	10.52	7.16
PAT	6.25	3.02
Overall gearing (times)	0.08	0.09
Interest coverage (times)	16.03	5.83

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE C; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	3.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	2.00	CARE C; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (06-Sep-19)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (19-Dec-18)	1)CARE BB; Stable (03-Oct-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (06-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (19-Dec-18)	1)CARE A4 (03-Oct-17)
3.	Non-fund-based - ST-Bank Guarantees	ST	3.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (06-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (19-Dec-18)	1)CARE A4 (03-Oct-17)

*Issuer did not cooperate; based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument -Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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