



Press Release

Sattva Engineering Construction Pvt Ltd

November 10, 2020

Ratings

Facilities	Amount (INR crore)	Current Ratings	Rating Action
Long Term Facility – Fund Based – Cash Credit	17.00	IVR BB- ISSUER NOT COOPERATING*	Revised and moved to ISSUER NOT COOPERATING
Long Term Bank Facilities – Non Fund Based – Bank Guarantee	27.50	IVR BB- ISSUER NOT COOPERATING*	Revised and moved to ISSUER NOT COOPERATING
(Proposed) Short Term Facility – Non Fund Based – Bank Guarantee	0.50	IVR A4 ISSUER NOT COOPERATING*	Revised and moved to ISSUER NOT COOPERATING
Total	45.00		

**Issuer not cooperating, based on best available information*

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating revision to the bank facilities of Sattva Engineering Construction Pvt Ltd reflects lack of adequate information available about the performance of the company and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the rating revision.



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Note on non-cooperation

Infomerics has repeatedly followed up with the company to provide information to monitor the rating(s) vide e-mail August 12th, 2020; October 14th, 2020; October 19th, 2020; October 22nd, 2020 and November 03rd, 2020. However, despite repeated requests, the company has failed to submit Audited financial statements for FY19, FY20 and other data for review.

Availability of information is very critical in rating exercise. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the ratings assigned to the bank loan facilities of Sattva Engineering Construction Pvt Ltd aggregating to INR 45.00 crore to the 'ISSUER NOT COOPERATING' category. The rating is now denoted as IVR BB-ISSUER NOT COOPERATING (pronounced IVR Double B Minus ISSUER NOT COOPERATING) and IVR A4 ISSUER NOT COOPERATING (IVR A Four ISSUER NOT COOPERATING).

Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Guidelines on what constitutes Non-Cooperation by Clients

About the Company

Set up in 1989 as a proprietorship firm, a member of Sattva Business Group and reconstituted as a private limited company in 2005 - Sattva Engineering Construction Private Limited (SECPL) undertakes civil and industrial contracts. Its daily operations are managed by its promoters, Mr. S. Seshadri and Mr. R. Sekar. It is based in Chennai (Tamil Nadu). The engineering division specialises in the construction of Warehouse & Yard developments, Industrial Buildings, Commercial buildings, Water & Sewage treatment plants with collection & distribution systems, residential complexes, power stations & sub-stations. The company is a CLASS I contractor (as per Renewal of Works contract dated 11th April, 2019) in state level



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special buildings circle, Public Works Department, Chennai, Chennai Metropolitan Water Supply and Sewerage Board, Chennai.

Financials*

(INR crore)

For the year ended / As on	31-03-17	31-03-18	31-03-19
	Audited	Audited	Provisional
Total Operating Income	58.42	48.21	50.47
EBITDA	6.72	7.01	7.57
PAT	1.32	1.43	1.63
Total Debt	26.32	27.11	25.84
Tangible Net worth	13.40	14.82	16.45
Ratios			
a. EBIDTA Margin (in %)	11.51	14.55	15.00
b. PAT Margin (in %)	2.26	2.96	3.23
c. Overall Gearing ratio (x)	1.96	1.83	1.57

Note: The above figures are as per information available on the MCA website.

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: Brickwork Ratings in their Press Release dated October 19th, 2020 have classified Sattva Engineering Construction Pvt Ltd as ISSUER NOT COOPERATING.



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Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Type	Current Rating (Year 2020-21)		Rating History for the past 3 years		
			Amount outstanding (INR crore)	Assigned Rating	Date(s) & Rating(s) assigned in 19-20 (September 18, 2019)	Date(s) & Rating(s) assigned in 18-19	Date(s) & Rating(s) assigned in 17-18
1.	Long Term Facility – Fund Based – Cash Credit	Long Term	17.00	IVR BB- ISSUER NOT COOPERATING	IVR BB+/Stable Outlook	-	-
2.	Long Term Bank Facilities – Non Fund Based – Bank Guarantee	Long Term	27.50	IVR BB- ISSUER NOT COOPERATING	IVR BB+/Stable Outlook	-	-
3.	(Proposed) Short Term Facility – Non Fund Based – Bank Guarantee	Short Term	0.50	IVR A4 ISSUER NOT COOPERATING	IVR A4+	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund Based Limits – Cash Credit	--	--	--	17.00	IVR BB- ISSUER NOT COOPERATING
Long Term Non Fund Based – Bank Guarantee	--	--	--	27.50	IVR BB- ISSUER NOT COOPERATING
(Proposed) Short Term Facility – Non Fund Based – Bank Guarantee	--	--	--	0.50	IVR A4 ISSUER NOT COOPERATING