



Press Release

Sudharma Infratech Private Limited (SIPL)

October 16, 2024

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities – Working Capital Term Loan	2.40	IVR D	IVR BBB-/Stable	Downgraded	Simple
Long Term Bank Facilities – Cash Credit	12.60	IVR D	IVR BBB-/Stable	Downgraded	Simple
Short Term Bank Facilities – Bank Guarantee	30.00	IVR D	AVR A3	Downgraded	Simple
Total	45.00	(Rupees Forty-Five Crores Only)			

Details of Facilities are in Annexure 1

Detailed Rationale:

Infomerics has downgraded the ratings of the bank facilities of Sudharma Infratech Private Limited on account of delays in the servicing of term loans by the company within the last twelve months.

Key Rating Sensitivities:

Upward Factors

- Timely servicing of debt obligations for at least 90 days.

List of Key Rating Drivers with Detailed Description

Key Rating Weaknesses

Delays in servicing of debt obligations

There has been delay in debt servicing by the company in case of a few term loans on account of insufficient funds in the bank account. These delays have been observed within the last twelve months. The same has been verified by Infomerics by studying bank statements and seeking feedback from the lenders.

Analytical Approach: Standalone



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Applicable Criteria:

[Default Recognition Policy](#)

[Criteria for assigning rating outlook](#)

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

Although there has been delay in servicing of a few term loans in the recent past, Infomerics believes that as on date as well as going ahead, the liquidity situation would be adequate.

SIPL's current ratio was adequate at 1.88x and Quick ratio at 1.08x as on March 31, 2024.

The company is earning a comfortable level of Gross Cash Accruals (GCA) which stood at Rs. 7.41 crore for the year ended March 31, FY2024 (Prov.) and the same is expected to improve during the projected period in the range of Rs. 13.00 crores to Rs. 17.00 crores annually against debt repayment of Rs. 5.00 crore to Rs. 7.00 crore annually.

About the Company

Sudharma Infratech Private Limited (SIPL) was incorporated in 2008 in Andhra Pradesh. The company is promoted by Mr. R.V.V Sudhakar who is the managing director of the company, having a vast experience in civil work. He has executed various works in name of M/s Sri Dattatreya Construction and Service Private Limited, which undertakes private construction work. Now, M/s Sri Dattatreya Construction and Service Private Limited has been merged with Sudharma Infratech Private Limited since the year 2016. Sri Dattatreya Constructions and Services Private Limited used to undertake construction of civil works for M/s. Larsen & Toubro Limited, M/s. Tisco, M/s. Kakinada Sea Ports, Gangavaram Ports and Krishnapatnam port. Currently Sudharma Infratech Private Limited undertakes government work and projects. The company is engaged in contract-based construction and renovation of roads and highways with various Government bodies of Andhra Pradesh.

Financials (Standalone)*:

	(Rs. Crore)	
For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Provisional)
Total Operating Income	91.68	115.28



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For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Provisional)
EBITDA	7.65	10.18
PAT	2.50	3.80
Total Debt	9.82	27.18
Adjusted Tangible Net worth	38.63	38.00
EBITDA Margin (%)	8.34	8.83
PAT Margin (%)	2.69	3.29
Adjusted Overall Gearing Ratio (x)	0.25	0.72
Interest Coverage Ratio (x)	3.84	5.80

**Classification as per Infomerics standards*

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Type	Current Ratings (Year 2024-25)		Rating History for the past 3 years		
			Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
	PR Date			(October 16, 2024)	(August 17, 2023)	(June 01, 2022)	(May 31, 2021)
1.	Working Capital Term Loan	Long Term	2.40	IVR D	IVR BBB- / Stable	IVR BBB- / Stable	IVR BBB- / Negative
2.	Cash Credit	Long Term	12.60	IVR D	IVR BBB- / Stable	IVR BBB- / Stable	IVR BBB- / Negative
3.	Bank Guarantee	Short Term	30.00	IVR D	IVR A3	IVR A3	IVR A3

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

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 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 (Rs. Crore)	Rating Assigned/ Outlook
Long Term – Working Capital Term Loan	-	-	-	2.40	IVR D
Long Term – Cash Credit	-	-	-	12.60	IVR D



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Short Term – Bank Guarantee	-	-	-	30.00	IVR D

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Sudharma-Infratech-16oct24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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