



Press Release

S.R. Ravi
June 09, 2025

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Facilities	17.11 (Increased from 11.95)	IVR BB/Stable (IVR Double B; with Stable Outlook)	IVR BB+/Stable (IVR Double B Plus; with Stable Outlook)	Downgraded	Simple
Short Term Facilities	56.00	IVR A4 (IVR A Four)	IVR A4+ (IVR A Four Plus)	Downgraded	Simple
Total	73.11 (Rupees Seventy-Three Crore and Eleven Lakh)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded its rating assigned to the bank facilities of S.R. Ravi on account of the declining scale of operations and stretched liquidity.

The firm continues to derive benefits from experience of the management and established track record with reputed clientele, comfortable capital structure and debt protection metrics, and moderate order book

The ratings are however constrained due to moderate profitability, elongated operating cycle, geographical concentration risk, industry specific risks, and susceptibility to risks inherent in tender-based business.

The 'Stable' outlook indicates that S.R. Ravi is expected to continue to get benefits out of the established track record, and reputed clientele.



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Key Rating Sensitivities:

- **Upward Factors**
 - Substantial or sustained improvement in the scale of operations and/or EBITDA margin leading to an improvement in the debt protection metrics,
 - Improving the order book reflecting the long-term revenue visibility, and
 - Successful commissioning and completion of the projects without time or cost overruns.
- **Downward Factors:**
 - Sharp changes in leverage leading to the weakening of financial risk profile, or
 - Decline in profitability and elongation in operating cycle.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management and established track record with reputed clientele

The proprietor has more than two decades of experience in executing civil contract work. The firm benefits from the proprietor's understanding of the dynamics of the industry. Notably, the firm's order book features well-regarded clients, State and Central government organizations.

Comfortable capital structure and debt protection metrics

The firm's capital structure remained comfortable as on March 31, 2024, marked by overall gearing at 1.77x as on March 31, 2024 against 1.47x as on March 31, 2023. The total indebtedness of the firm as reflected by TOL/TNW though deteriorated but remained comfortable at 2.00x as on March 31, 2024, from 1.79x as on March 31, 2023. The interest coverage ratio and DSCR have been moderate over the last two years and stood at 1.58x (FY23:1.17x) and 1.18x (FY23:1.17x) respectively in FY24[refers to period April 1st, 2023, to Mar 31, 2024].



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Moderate order book, revenue visibility

The firm undertakes civil construction works through tender activities. The firm's order book and revenue depend on the successful acquisition of tenders and the payment collection. The firm has an unexecuted order book position of Rs 231.36 crore as on 30 April 2025, which will be completed in the next 1-2 years. This gives a medium-term revenue visibility.

B. Key Rating Weaknesses

Declining scale of operations and moderate profitability

The total operating income in FY24 stood at INR.100.35 Crore as compared to INR.120.85 Crore in FY23. The total operating income of the firm registered a decline by 16.97% in FY24, reflecting delayed execution of projects, which has been primarily due to delay in payment clearances etc from the principal's side. In FY25 the firm has achieved a revenue of around Rs.82 Crore, with a decline in revenue by ~18 %, indicating continuous decline in scale of operations.

The firm has earned an EBITDA of Rs.7.74 crore in FY24 against Rs.5.62 crore in FY23. The firm earned a PAT of Rs.3.03 crore in FY24 against Rs.3.01 crore in FY23. The firm has registered an EBITDA margin of 7.71% in FY24 against 4.65 %in FY23 and PAT margin of 3.00% in FY24 against 2.49% in FY23.

Elongated operating cycle and geographical concentration risk

The firm's operating cycle stood elongated at 70 days in FY24 against 58 days in FY23, mainly due to higher inventory period. Average inventory period stood at 67 days in FY24 as against 48 days in FY23. Average collection days being shown at 27 days in FY24, as against 24 days in FY23. Average creditors days being shown at 23 days in FY24, as against 14 days in FY23. The firm's business projects are concentrated in the state of Karnataka with 100% of the revenue being generated from Karnataka.

Industry specific risks

The firm, like any other construction entity, is exposed to the risks inherent in the construction sector including a slowdown in new order inflows, risks of delays in execution, and vulnerability



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of margins to adverse variation in the raw material, labour, and other input costs. The profitability is exposed to volatility in raw material prices.

Susceptibility to risks inherent in tender-based business

The firm acquires the contract through tenders. The firm's business growth depends on its ability to acquire tenders successfully. Revenue and profitability are expected to remain susceptible to risks inherent in tender-based operations.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

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

[Criteria of assigning Rating Outlook](#)

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

[Policy on Default Recognition](#)

Liquidity: Stretched

The liquidity position of the firm is stretched characterized by higher utilization of working capital limits, and elongated operating cycle. Average consolidated fund-based WC utilization stood highly utilized at 93.85% for the 12 months ended March 2025 with instances of over utilization of working capital limits. Additionally, the firm's cash and cash equivalents as on 30 April 2025 stood at Rs 0.08 Crore. The firm has current ratio of 1.22x as on 31 March 2024.

About the Firm

S.R. Ravi is the Karnataka based infrastructure firm engaged in constructions solutions such as commercial buildings, residential buildings, office buildings, industrial structures, and warehouses, etc. Mr. Singe Gowda Rathna Ravi is the proprietor of the firm.



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Financials (Standalone):

Rs. Crore

For the year ended* / As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	120.85	100.35
EBITDA	5.62	7.74
PAT	3.01	3.03
Total Debt	39.20	46.67
Tangible Net worth	26.61	26.36
EBIDTA Margin (%)	4.65	7.71
PAT Margin (%)	2.49	3.00
Overall Gearing ratio (X)	1.47	1.77
Interest coverage (x)	2.09	1.58

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

CRISIL vide press release dated September 05, 2024, migrated the rating to "Issuer Not Cooperating" due to non-availability of adequate information to review the ratings.

Any other information: None

Rating History for last 3 years:

Sr. No.	Name of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24(29 March 2024)	Date(s) & Rating(s) assigned in 2022-23
1	Cash Credit	Long Term	10.00	IVR BB/Stable	-	IVR BB+/Stable	-
2	Term Loan	Long Term	7.11	IVR BB/Stable	-	IVR BB+/Stable	-
3	Bank Guarantee	Short Term	51.00	IVR A4	-	IVR A4+	-
4	Raw Material Assistance	Short Term	5.00	IVR A4	-	IVR A4+	-



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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.

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Annexure 1: Facility details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	Revolving	10.00	IVR BB/Stable
Term Loans	-	-	-	Up to May 2034	7.11	IVR BB/Stable
Bank Guarantee	-	-	-	-	51.00	IVR A4
Raw Material Assistance	-	-	-	-	5.00	IVR A4

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-S-R-Ravi-9june25.pdf>

Annexure 3: Detailed explanation of covenants of the rated security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

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.