



Press Release

Swastika Infra Private Limited

September 03, 2024

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	24.50	IVR BB+/ Stable (IVR double B plus with stable outlook) withdrawn	IVR BB+/ Negative ISSUER NOT COOPERATING* (IVR double B plus with negative outlook Issuer Not Cooperating)	Rating reaffirmed; long- term rating outlook revised; removed from Issuer Not Cooperating category and withdrawn	Simple
Short Term Bank Facilities	105.50	IVR A4+ (IVR A four plus) withdrawn	IVR A4+ ISSUER NOT COOPERATING* (IVR A four plus Issuer Not Cooperating)	Rating reaffirmed; removed from Issuer Not Cooperating category and withdrawn	Simple
Total	130.00 (INR one hundred thirty crore only)				

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

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

Earlier Infomerics had moved the ratings of Swastika Infra Private Limited (SIPL) into Issuer Not Cooperating category vide its press release dated July 16, 2024, due to non-submission of information required for detailed review of the company.

Infomerics has reaffirmed; revised the long-term rating outlook from 'Negative' to 'Stable' and withdrawn the outstanding long-term rating of 'IVR BB+/
Stable (IVR double B plus with Stable outlook)' and short-term rating of 'IVR A4+ (IVR A four plus)' assigned to the bank facilities of SIPL with immediate effect. The reaffirmation of the ratings assigned to the bank facilities of SIPL continues to derive comfort from its experienced promoters, and reputed clientele,



Press Release

leading to low counterparty risk. However, these rating strengths remain constrained due to intense competition faced by SIPL, and tender driven nature of its business.

The withdrawal has been taken at the request of SIPL and 'No Objection Certificate' received from Federal Bank, HDFC Bank, Kotak Mahindra Bank, Bank of Baroda, and Yes Bank and 'No Due Certificate' received from Yes Bank that have extended the facilities rated by Infomerics. The ratings are withdrawn in accordance with Infomerics' policy on withdrawal. Link to the withdrawal policy is provided below.

Key Rating Sensitivities:

Upward Factors

- Not applicable

Downward Factors

- Not applicable

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

Swastika Infra Private Limited (SIPL) was founded by Mr. Vinay Gupta, Mr. Babu Lal Gupta and Mrs. Ruchira Gupta. All of them are very experienced in the EPC field connected with installation of substation and transmission lines and have experienced upcycles and downcycles connected with the power industry. While they are actively involved in the strategic operations of the Company, they are also well supported by a team of experienced professionals, who look after the day-to-day operations. Overall, the Company is in good hands.

- **Reputed clientele with low counter party payment risk**

The company primarily undertakes contracts for laying underground cables for power transmission and installation of substations for different State and Central PSU's. Since the client base of the company is majorly Government departments, the counterparty risk remains low.

Key Rating Weaknesses



Press Release

- **Intense competition faced by SIPL**

The industry is characterized by high fragmentation with a large number of players, constraining the pricing power of SIPL. Besides, the growth of SIPL is intertwined with the growth of the economy and is dependent on government finances. Having said that, SIPL has enough scope to obtain new orders on account of Government's continuous focus on the development of the power sector.

- **Tender driven nature of business**

The company's fortune is entirely dependent on tenders floated by the various State Governments and its success on winning these tenders, which essentially means that the company would have to be the lowest cost bidder in most cases. Thus, the company would have to strike a fine balance between increasing its topline and maintaining its margins.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on Withdrawal of ratings](#)

[Rating Methodology for Infrastructure Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

Liquidity – Adequate

The company had a moderate current ratio of 1.44x on March 31, 2024(P) and this ratio is expected to remain between 1.59x and 2.78x during March 31, 2025 to March 31, 2027. The GCAs of each of the years between FY25 and FY27 comfortably cover the debt repayments due in the respective years. While the Operating Cycle of the company was slightly elongated at 77 days in FY24(P), it is expected to remain at around 41 days between FY25 and FY27. However, reliance on fund based working capital limits had been very high at around ~82.45% for the 12 months ended March 2024, which indicates a very limited cushion.

About the Company



Press Release

Incorporated in 2019, Swastika Infra Private Limited (SIPL) has grown very fast over the years with successful ventures into power project contracting and trading of electrical parts. SIPL is mainly engaged into execution of turnkey projects for laying of power transmission lines directly and indirectly for government agencies and is also involved in trading of electrical cables and conductors and related electrical products.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	153.36	206.24
EBITDA	18.53	25.06
PAT	10.39	14.52
Total Debt	22.66	43.42
Adjusted Tangible Net Worth	35.71	50.22
EBITDA Margin (%)	12.08	12.15
PAT Margin (%)	6.73	7.01
Overall Gearing Ratio (x)	0.63	0.86
Interest Coverage (x)	3.73	4.00

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	(July 16, 2024)	Date(s) & Rating(s) assigned in 2023-24 (June 29, 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Guaranteed Emergency Credit Line	Long Term	-	Withdrawn	IVR BB+/ Negative ISSUER NOT COOPERATING*	IVR BBB-/ Stable	-	-
2.	Cash Credit Limits	Long Term	23.50	IVR BB+/ Stable Withdrawn	IVR BB+/ Negative ISSUER NOT COOPERATING*	IVR BBB-/ Stable	-	-
3.	Overdraft	Long Term	1.00	IVR BB+/ Stable Withdrawn	IVR BB+/ Negative ISSUER NOT	IVR BBB-/ Stable	-	-



Press Release

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					COOPERATING*			
4.	Letter of Credit	Short Term	5.00	IVR A4+ Withdrawn	IVR A4+ ISSUER NOT COOPERATING*	IVR A3		
5.	Bank Guarantee	Short Term	100.50	IVR A4+ Withdrawn	IVR A4+ ISSUER NOT COOPERATING*	IVR A3		

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

Analytical Contacts:

Name: Shantanu Basu	Name: Sandeep Khaitan
Tel: (033) 4803 3621	Tel: (033) 4803 3621
Email: shantanu.basu@infomerics.com	Email: sandeep.khaitan@infomerics.com

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 and definition of ratings please visit www.infomerics.com.



Press Release

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Annexure 1: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Guaranteed Emergency Credit Line	-	-	-	-	-	Withdrawn
Cash Credit Limits	-	-	-	-	23.50	IVR BB+/ Stable Withdrawn
Overdraft	-	-	-	-	1.00	IVR BB+/ Stable Withdrawn
Letter of Credit	-	-	-	-	5.00	IVR A4+ Withdrawn
Bank Guarantee	-	-	-	-	100.50	IVR A4+ Withdrawn

Annexure 2: Facility wise lender details- Not Applicable

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

Annexure 4: List of companies considered for consolidated/Combined 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.