



Press Release

Sonu Infratech Limited

May 14, 2025

Ratings

Security Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	36.00 (including proposed limit of Rs. 0.10 crore)	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	24.00	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
Total	60.00 (Rupees sixty crore only)				

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

The ratings assigned to the bank facilities of Sonu Infratech Limited (SIL) derives comfort from its long track record of operation under experienced promoter, healthy order book position reflecting satisfactory near to medium term revenue visibility, stable business performance of the company with satisfactory financial risk profile marked by adequate leverage ratios and comfortable debt protection metrics. However, these rating strengths are partially offset by susceptibility of SIL's operating margin to volatile input prices, tender driven nature of the business with presence in a highly competitive industry and working capital intensive nature of SIL's operations.

The outlook is expected to remain stable in the near to medium term marked by government's increased thrust on improvement in infrastructure and support from experienced promoters.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operation with improvement in profitability on a sustained basis
- Sustenance of the capital structure
- Sustained improvement in the working capital management leading to improvement in working capital cycle and consequent improvement in liquidity



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Downward Factors

- Dip in the revenue and/or moderation in profitability impacting the debt protection metrics on a sustained basis
- Deterioration in the capital structure with moderation in overall gearing to over 2x
- Moderation in liquidity marked by elongation in operating cycle

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operation and experienced promoter

SIL was established as a partnership firm in the year 2001 and later was reconstituted as a public limited company in September 2017 and got listed on NSE Emerge Platform on May 2022. Thus, the entity has long standing track record of over two decades in civil construction business. Mr. Ramji Shreenarayan Pandey, the main promoter of the company has an experience of more than two decades in the industry and is actively involved in the business. The promoters' experience along with their strong understanding of industry and healthy relationship with customers and suppliers is expected to continue to support the business.

Healthy order book size reflecting satisfactory near-term revenue visibility

As on February 28, 2025, SIL has an unexecuted order book of Rs.279.09 crore, which is ~3.09x of its FY24 revenue [FY refers to the period between April 01 to March 31]. Most of the orders are executable in upcoming 7-8 months and provides healthy revenue visibility over the near term. The repeated orders received from Reliance Industries Limited, a reputed clientele and other government entities validate its project execution capabilities.

Stable business performance

The total operating income (TOI) of SIL grew at a CAGR of ~31% i.e., from Rs.53.18 crore in FY22 to Rs.90.40 crore in FY24 with a y-o-y growth of ~20% in FY23 followed by a y-o-y growth of ~41% in FY24. The growth was mainly driven by timely and higher execution of orders underpinned by regular order flows. However, the operating margin of the entity, though remained comfortable, yet witnessed an erratic trend and improved from 14.61% in FY22 to 17.16% in FY23 and then moderated to 11.60% in FY24. The moderation in margin in FY24 is on account of increase in works contract expenses and hiring charges. In line with EBITDA margin, the PAT margin of the company moderated from 4.26% in FY23 to 3.18% in FY24. The net cash accruals though adequate yet declined from Rs.7.63 crore in FY23 to Rs.6.66 crore in FY24. However, timely execution of projects along with timely receipt of contract



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proceeds from the authorities will remain critical from the credit perspective. In H1FY25, the company posted revenue of Rs.45.37 crore and PAT of Rs.3.25 crore

Satisfactory financial risk profile marked by adequate leverage ratios and comfortable debt protection metrics

The capital structure of the company remains comfortable marked by long term debt equity ratio of 0.83x and overall gearing of 1.41x as on March 31, 2024 improved from 0.88x and 1.57x respectively as on March 31, 2023. The improvement in capital structure is driven by accretion of profit to reserves and reduction in unsecured loans from promoters and relatives. However, the total indebtedness marked by TOL/TNW also remained high at 3.09x as on March 31, 2024 as against 2.44x as on March 31, 2023. The debt protection metrics as indicated by interest coverage ratio though deteriorated yet remained comfortable at 3.90x in FY24 as against 4.36x in FY23 due to increase in finance charges. The Total debt to EBITDA and Total debt to NCA both remained high at 3.07x and 4.83x as on March 31, 2024 respectively as against 2.92x and 4.21x respectively as on March 31, 2023.

Key Rating Weaknesses

Susceptibility of operating margin to volatile input prices

Major raw materials used in civil construction activities are steel & cement and in road construction activities are stone, asphalt/bitumen and sand which are usually sourced from large players/dealers at proximate distances. The raw material & labour (including subcontracting) cost forms the majority chunk of the total cost of sales for the last three years. As the raw material prices & labour (including sub-contracting) cost are volatile in nature, the profitability of the entity is subject to fluctuation in raw material prices & labour (including subcontracting) cost.

Presence in a highly competitive industry and tender driven nature of the business

The domestic infrastructure sector is characterised with presence of many players with varied statures & capabilities. Moreover, the company secures its contracts through tender based mechanism.

Working capital intensive nature of operations

The operation of the company remained working capital intensive over the past three years. The operating cycle although improved yet remained elongated at 135 days in FY24 as against 176 days in FY23. The improvement in operation cycle is driven by improvement in inventory days from 139 days in FY23 to 107 days in FY24. However, the average working capital limit



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utilisation for past 12 months ended February 2025 remains moderate at ~69% indicating adequate liquidity cushion for the company.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria of assigning rating outlook](#)

[Policy of default recognition](#)

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

Liquidity – Adequate

The company earned gross cash accrual of Rs.6.66 crore to serve its debt obligation of Rs. 6.46 crore in FY24. The liquidity profile of SIL is expected to remain adequate as the company is expected to generate adequate gross cash accruals in the range of Rs.12.94 crore- Rs.18.86 crore to serve its debt obligations in the range of Rs.6.57- Rs.8.04 crore during FY25- FY27. Moreover, the current ratio also remained adequate at 1.13x as on March 31, 2024. Further, the average fund-based utilization of the company remained moderate at ~69% during the past 12 months ended in February 2025 indicating adequate liquidity buffer for the company.

About the Company

Sonu Infratech Limited (SIL) was established as a partnership firm in the year 2001 and later was reconstituted as a public limited company in September 2017 and got listed on NSE Emerge Platform on May 2022. The Gujrat based company is engaged in construction of industrial and commercial buildings as well as civil construction works such as construction of roads, sub-stations, bridges and allied works. The company was promoted by Mr. Ramji Shreenarayan Pandey who has an experience of more than two decades in the industry.

Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	64.05	90.40
Total Income	64.22	90.56
EBITDA	10.99	10.49
PAT	2.73	2.88
Total Debt	32.13	32.15
Adjusted Tangible Net worth	20.49	22.84



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For the year ended* / As On	31-03-2023	31-03-2024
EBITDA Margin (%)	17.16	11.60
PAT Margin (%)	4.26	3.18
Overall Gearing Ratio (x)	1.57	1.41
Interest Coverage Ratio (x)	4.36	3.90

*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 Security/Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1	Term Loan	Long Term	8.50	IVR BBB-; Stable	-	-	-
2	Working Capital Demand Loan	Long Term	3.40	IVR BBB-; Stable	-	-	-
3	Cash Credit	Long Term	22.00	IVR BBB-; Stable	-	-	-
4	Cash Credit - Vendor Financing	Long Term	2.00	IVR BBB-; Stable	-	-	-
5	Proposed	Long Term	0.10	IVR BBB-; Stable	-	-	-
6	Secured Purchase Financing	Short Term	2.00	IVR A3	-	-	-
7	Bank Guarantee	Short Term	22.00	IVR A3	-	-	-

Analytical Contacts:

Name: Nidhi Sukhani

Tel: (033) 46022266

Email: nsukhani@infomerics.com

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

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).



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Annexure 1: Security/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	March 2030	8.50	IVR BBB-; Stable
Working Capital Demand Loan	-	-	-	-	3.40	IVR BBB-; Stable
Cash Credit	-	-	-	-	22.00	IVR BBB-; Stable
Cash Credit - Vendor Financing	-	-	-	-	2.00	IVR BBB-; Stable
Proposed	-	-	-	-	0.10	IVR BBB-; Stable
Secured Purchase Financing	-	-	-	-	2.00	IVR A3
Bank Guarantee	-	-	-	-	22.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Sonu-Infratech-may25.pdf>



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Annexure 3: Detailed explanation of covenants of the rated instrument/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.

