



## Press Release

### Standard Infratech India Private Limited

April 24, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	34.38	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	121.00	IVR A3 (IVR A Three)	-	Assigned	<a href="#">Simple</a>
Proposed Short Term Bank Facilities	1.62	IVR A3 (IVR A Three)	-	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>157.00</b> <b>(Rupees One hundred and fifty-seven crore only)</b>				

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 assigned long-term and short-term ratings to the bank facilities of Standard Infratech India Private Limited (SIPL). The ratings derive strength from experienced management and long track record in road construction, healthy order book reflecting satisfactory revenue visibility and healthy debt protection metrics. The rating strengths are, however, constrained by working capital intensive nature of operations, susceptibility of profitability to volatility in the input prices and tender-based nature of operations with intense competition in the industry.

The Stable outlook reflects expected medium term revenue visibility supported by long track record of management in construction sector and healthy order book.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained growth in scale of operations along with improvement in profitability thereby leading to improvement in cash accruals.
- Improvement in TOL/TNW to below 1 time on a sustained basis.



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### **Downward Factors**

- Deterioration in revenues along with profitability impacting cash accruals and debt protection metrics.
- Stretch in the working capital cycle impacting the liquidity of the company.
- Sharp changes in the leverage of the company; TOL/TNW moving above 2 times.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced management and long track record in road construction**

SIPL has expertise in the civil construction sector with an established track record of successful project execution over a decade, in states namely Rajasthan, Telangana, Karnataka, Andhra Pradesh, Chhattisgarh, Odisha, Madhya Pradesh, and Kerala. The promoter, Mr. Sesha Reddy Mallavarapu has over 30 years of experience in the sector and is supported by a team of professionals.

##### **Healthy order book reflecting satisfactory revenue visibility**

The company has an unexecuted order book of Rs.949.57 crore as on February 28, 2025, which is 4.44 times of its FY24 (refers to the period April 01 to March 31) revenue (i.e. Rs. 214.02 crore). Of the total unexecuted order book, Rs.509.07 crore (~53%) are water supply projects, Rs.315.20 crore (~33%) are sewage projects and Rs. 125.30 crore (~13%) are building projects. SIPL's customers include government bodies like Andhra Pradesh Southern Power Distribution Company Limited, Panchayati Raj Engineering Department, Cauvery Neeravari Nigam Limited, MECON Limited, etc. Timely execution of projects has ensured repeat orders from these clients. Also, SIPL, has presence across states namely Karnataka (~30%), Andhra Pradesh (~22%), Madhya Pradesh (~14%), Rajasthan (~13%), Kerala (~9%) and other states. The total operating income (TOI) increased by ~32% to Rs. 214.02 crore in FY24 over Rs. 161.99 crore in FY23. TOI for 9MFY25 (unaudited) stood at Rs.156.50 crore.

##### **Healthy debt protection metrics**

The tangible net worth of the company stood healthy and improved to Rs.72.94 crore as on March 31, 2024, from Rs.62.69 crore as on March 31, 2023, due to accretion of profits. Total debt of company increased to Rs.67.22 crore as on March 31, 2024, from Rs.48.27 crore as on March 31, 2023. It includes Rs. 10.12 crore of term loans, Rs. 21.19 crore of working capital borrowings, Rs. 21.17 crore of mobilization advance from department, and Rs. 12.86 crore of



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payables to subcontractors and Rs.1.88 crore of unsecured loans. Accordingly, overall gearing of the company moderated from 0.77x as on March 31, 2023, to 0.92x as on March 31, 2024. Total indebtedness reflected by TOL/TNW improved to 1.38x as on March 31, 2024, from 1.51x on March 31, 2023. Further, the debt protection metrics like interest coverage stood healthy at 3.04x as on March 31, 2024, as against 3.20x as on March 31, 2023. Total debt/EBITDA stood 3.54x as on March 31, 2024, as against 2.99x as on March 31, 2023. SIPL's financial risk profile is expected to remain healthy, aided by its healthy accruals from operations in the medium term.

### **Key Rating Weaknesses**

#### **Working Capital intensive nature of operations**

SIPL's operations are working capital intensive as reflected by elongated operating cycle of 107 days as on March 31, 2024, and 94 days as on March 31, 2023. Inventory days and average collection period stood at around 67 days and 113 days respectively in FY24. The operations are expected to remain working capital intensive over the medium term. The Gross Current Asset days of the company stood high at 274 days as on March 31, 2024 (PY: 329 days). The retention money is usually 5-10% of the contract value which is released after the defect liability period of 1-3 years. However, the fund-based working capital utilization stood moderate at ~46% for the last 12 months ended February 2025. This is inherent to the industry.

#### **Susceptibility of profitability to volatility in the input prices**

Major raw materials used in construction activities are steel and cement which are usually sourced from large players at proximate distances. The input prices are generally volatile and consequently the profitability remains susceptible to fluctuation in input prices. However, presences of escalation clause in all the contracts imparts comfort to an extent. EBITDA margin moderated slightly to 8.86% in FY24 from 9.96% in FY23. EBITDA margin for 9MFY25 also stood lower at 7.88%.

#### **Tender-based nature of operations with intense competition in the industry**

The company is mostly getting its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to presence of many organized and unorganized players, tender driven nature of business leads to volatility in revenue and profitability. Further, being in infrastructure segment, the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution, delay in payments from government, fluctuating input costs etc. Further since the nature of operations is tender based, the business depends on the ability to bid for contracts



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successfully. SIPL has success rate of 30-40% while bidding for contracts. Hence, profits remain susceptible to any slowdown in tenders floated in the region or changes in government policies.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[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 liquidity position of the company is adequate as the expected gross cash accruals of the company are likely to be sufficient as against its debt-servicing obligations of Rs. 6.53 crore in FY25, Rs. 1.69 crore in FY26, and Rs. 1.77 crore in FY27. Its average monthly fund-based utilisation remained moderate at ~46% in the last 12 months ended February 2025. The current ratio of the company stood comfortable at 2.29x as on March 31, 2024. The company had cash and cash equivalents of Rs. 7.00 crore as on February 28, 2025.

**About the Company**

Standard Infratech India Private Limited is a civil construction company undertaking government civil contract works based at Hyderabad, Telangana. It was established as a partnership firm in 2000 and later got converted to a private limited company on February 11, 2010. The company operates in states like Andhra Pradesh, Telangana, Karnataka, Goa, Rajasthan, Madhya Pradesh, Chhattisgarh, and Maharashtra.



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### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	161.99	214.02
EBITDA	16.13	18.97
PAT	6.31	10.21
Total Debt	48.27	67.22
Tangible Net Worth	62.69	72.94
EBITDA Margin (%)	9.96	8.86
PAT Margin (%)	3.88	4.69
Overall Gearing Ratio (x)	0.77	0.92
Interest Coverage (x)	3.20	3.04

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** The rating has been moved to ISSUER NOT COOPERATING category by India Ratings as per press release dated April 09, 2025, due to unavailability of information for monitoring of rating.

**Any other information:** Nil.

### Rating History for last three 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	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1.	GECL	Long Term	1.38	IVR BBB-/ Stable	-	-	-
2.	Cash Credit	Long Term	33.00	IVR BBB-/ Stable	-	-	-
3.	Bank Guarantee	Short Term	117.00	IVR A3	-	-	-
4.	Letter of Credit	Short Term	4.00	IVR A3	-	-	-
5.	Proposed Bank Guarantee / Letter of Credit	Short Term	1.62	IVR A3	-	-	-





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### Analytical Contacts:

Name: Neha Khan	Name: Jyotsna Gadgil
Tel: (022) 62396023	Tel: (020) 29913006
Email: <a href="mailto:neha.khan@infomerics.com">neha.khan@infomerics.com</a>	Email: <a href="mailto:jyotsna.gadgil@infomerics.com">jyotsna.gadgil@infomerics.com</a>

### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (formerly known as 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.

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](http://www.infomerics.com).

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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
GECL	-	-	-	June 2026	0.34	IVR BBB-/ Stable
GECL	-	-	-	October 2027	1.04	IVR BBB-/ Stable
Cash Credit	-	-	-	-	33.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	-	117.00	IVR A3
Letter of Credit	-	-	-	-	4.00	IVR A3
Proposed Bank Guarantee / Letter of Credit	-	-	-	-	1.62	IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-standard-infratech-apr25.pdf>

**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](http://www.infomerics.com).