



**Press Release**  
**Santhosh Buildwel Infra Private Limited**  
**December 24, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.00	ACUITE BB+   Stable   Assigned	-
Bank Loan Ratings	12.00	ACUITE BB+   Stable   Reaffirmed	-
Bank Loan Ratings	4.00	-	ACUITE A4+   Assigned
Bank Loan Ratings	29.50	-	ACUITE A4+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	48.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of 'ACUITE BB+' (read as ACUITE double B plus) and its short-term rating of 'ACUITE A4+' (read as ACUITE A four plus) on the Rs. 41.50 Cr. bank facilities of Santhosh Buildwel Infra Private Limited (SBIPL). The outlook is 'Stable'.

Further, Acuite has assigned its long-term rating of 'ACUITE BB+' (read as ACUITE double B plus) and the short-term rating of 'ACUITE A4+' (read as ACUITE A four plus) on the Rs. 7.00 Cr. bank facilities of Santhosh Buildwel Infra Private Limited (SBIPL). The outlook is 'Stable'.

**Rationale for rating reaffirmation**

The rating continues to factor in the management's extensive experience in the construction business and the company's long operational history. The rating also considers the SBIPL's healthy outstanding order book position of Rs. 192.69 Cr, reflecting revenue visibility over the medium term. Further, SBIPL's revenue increased to Rs. 66.74 Cr. in FY2024 from Rs. 49.39 Cr. in FY2023. Furthermore, the rating also considers the fact that the company closely works with the Karnataka Government Housing Board, Irrigation Department and undertakes their projects. However, the rating is constrained by the company's modest scale of operations, moderate net worth level, along with tender based nature of operations and presence in competitive and fragmented industry.

**About the Company**

Incorporated in 2009, Santhosh Buildwel Infra Private Limited (SBIPL) is an construction company and undertakes civil construction projects for roads, buildings, irrigation, and other infrastructure projects on behalf of various departments of Government of Karnataka as well as private institutions. The company is a part of the Talampally group of companies and specializes in construction of High-rise Buildings, Roads, Bridges, Dams, Canals, Flyovers, Airports, Railway tracks and Housing layout.

**Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuite has considered standalone business and financial risk profile of Santhosh Buildwel Infra Private Limited (SBIPL) to arrive at this rating.

### **Key Rating Drivers**

#### **Strengths**

### **Experienced management and long track record of operations**

SBIPL commenced operations from 2009 and is promoted by its directors, Mr. Santoshkumar Talampally, Mr. Devaraj Talampally, Mr. Mahesh Talampally, Mr. Akash Talampally and Mrs. Shakuntala A Talampally. The company is a part of Talampally group which was started in 1999 with establishment of Basavakalyan College of Engineering followed by Basavakalyan College of D.Ed & ITI. Currently, Talampally group is diversified into a host of business ventures relating to construction, rubber, bricks, tiles etc. The company majorly undertakes projects from Karnataka Government housing board, and irrigation department under its auspices and has taken up projects such as construction of roads, irrigation, housing & has recently laid the foundation for a polytechnic college in Bidar.

Acuité believes that the promoters' extensive experience will help the company to maintain longstanding relations with its customers and is expected to support its business risk profile over the medium term.

### **Improved scale of operations; albeit decline in operating margins**

In FY 2024, SBIPL recorded an increase in revenue to Rs. 66.74 Cr. marking a 35.13 % increase compared to Rs. 49.39 Cr in FY2023. This growth is driven by increase in orders received for Industrial layout work provided by Karnataka Industrial board. As of Oct 2024, the company reported revenues of approximately Rs. 44.73 Cr. However, the operating margin for FY2024 declined to 6.58 %, from 11.95% in FY2023 and 11.20% in FY2022. Further, the Profit After Tax (PAT) margin recorded a decline, standing at 2.66% in FY2024, as compared to 5.17 % in FY2023. Further, the company has an outstanding order book position of ~Rs. 192.69 Cr. reflecting moderate revenue visibility over near to medium term.

Going ahead, the ability of the company to improve its revenue while improving its profitability will remain key monitorable.

### **Weaknesses**

#### **Moderate Financial risk profile**

The financial risk profile of the company is moderate marked by moderate networth, low gearing and moderate debt protection metrics. The tangible net worth of the company increased to Rs. 24.21 Cr. as on March 31st, 2024, as against Rs. 22.43 Cr. as on March 31st, 2023, due to accretion of profits to reserves. The total debt of the company stood at Rs. 5.58 Cr. as on March 31, 2024, as against Rs. 11.87 Cr. as on March 31, 2023. The debt profile of the company comprises of Rs.1.75 Cr. of long-term debt, Rs. 3.31 Cr. of short-term debt, and Rs. 0.52 Cr. of unsecured loans. The gearing of the company stood low at 0.23 times as on March 31, 2024 as compared to 0.53 times as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) of the company stood at 0.52 times as on March 31, 2024, as against 1.10 times as on March 31, 2023. Further, the debt protection metrics of the company stood moderate reflected by debt service coverage ratio of 1.34 times for FY2024 as against 1.50 times for FY2023. The interest coverage ratio stood at 2.41 times for FY2024 as against 2.51 times for FY2023. The Net cash accruals to Total debt (NCA/TD) stood at 0.38 times in FY2024 as compared to 0.24 times in the previous year.

Acuité believes that, going forward, the financial risk profile of the company is expected to improve on account of steady accruals generation and in absence any further major debt funded capex over the medium term.

#### **Improved yet moderate nature of working capital operations**

The working capital operations of the company improved yet remained moderate in nature marked by GCA of 138 days in FY2024 as against 252 days in FY2023. The GCA days improved on account of improved inventory cycle and debtor days during the year. The inventory holding period stood at 77 days in FY2024 as compared to 139 days in FY2023. The debtor's collection period stood at 12 days in FY2024 as against 60 days in FY2023. Further, the creditor days stood at 16 days in FY2024 as against 39 days in FY2023. Furthermore, the average utilization for fund-based limits remained moderate, averaging around 59.58% over the last 7 months ending August 2024 and the average utilization for Non-fund-based limits remained moderate, averaging around 54.57% over the last 7 months ending August 2024.

Acuité believes SBIPL's ability to further improve its working capital cycle will remain a key rating sensitivity factor.

#### **Tender based business along with competitive and fragmented industry**

SBIPL's major business is bagged through open tenders. Hence, the revenue earned is directly dependent upon the quantum of contracts bagged and executed during the year. Risk becomes more pronounced as tendering is based on minimum amount of bidding of contracts. Company has to do tendering on competitive prices; this may affect the profitability of the firm. Moreover, the infrastructure sector is marked by the presence of various mid to big size players. It might face intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent as management has been operating in this industry for more than a decade.

### **Rating Sensitivities**

- Timely execution of the pending order book.
- Significant improvement in scale of operations while also improving profitability.
- Any significant stretch in working capital cycle leading to deterioration in the financial risk profile and the overall liquidity position.

### **Liquidity Position**

#### **Adequate**

The company's liquidity position is adequate marked by generation of sufficient net cash accruals of Rs. 2.12 Cr. in FY2024 as against its maturity debt obligations of Rs. 1.10 Cr. in the same tenure. In addition, it is expected to generate sufficient cash accrual in the range of Rs. 4.11 – Rs. 5.43 Cr. against its maturing repayment obligations in the range of Rs. 0.65- Rs. 0.53 Cr. over the medium term.

The cash and bank balances of the company stood at Rs. 0.20 Cr as on March 31, 2024. The current ratio stood comfortable at 2.94 times as on March 31, 2024, as compared to 1.62 times as on March 31, 2023. Further, the working capital management of the company is moderate in nature marked by Gross Current Assets (GCA) of 138 days in FY2024, further, the reliance on working capital limits stood moderate with average fund-based limit utilisation at ~ 59.58% over the past seven months ended August, 2024, and non-fund-based limit utilisation at ~54.57% during the same period.

Acuité believes that going forward the company will maintain adequate liquidity position owing to steady accruals.

#### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	66.74	49.39
PAT	Rs. Cr.	1.78	2.55
PAT Margin	(%)	2.66	5.17
Total Debt/Tangible Net Worth	Times	0.23	0.53
PBDIT/Interest	Times	2.41	2.51

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Apr 2024	Bank Guarantee (BLR)	Short Term	5.50	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	24.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
05 Jan 2023	Bank Guarantee (BLR)	Short Term	5.50	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	24.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BB+   Stable (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.50	Simple	ACUITE A4+   Reaffirmed
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A4+   Reaffirmed
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A4+   Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE BB+   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BB+   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BB+   Stable   Assigned

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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