

Sobti Infratech Limited

August 18, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	78.00	CARE BB+; Stable / CARE A4+	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

The ratings previously assigned to the bank facilities of Sobti Infratech Limited (SIL) were denoted as CARE BB+; Stable; ISSUER NOT COOPERATING/ CARE A4+; ISSUER NOT COOPERATING; Since, the company did not provide the requisite information for monitoring the ratings. Further, in line with the extant SEBI guidelines, CARE Ratings Limited (CARE Ratings) reviewed the ratings on the basis of the best available information. However, the company has now submitted the requisite information to monitor the ratings and CARE Ratings has carried out a full review of the ratings and the ratings stands at 'CARE BB+; Stable/ CARE A4+'.

Rationale and key rating drivers

The ratings assigned to the bank facilities of SIL continue to remain constrained on account of its presence in a highly competitive construction industry with inherent business risks associated with tender-based operations. The ratings also factor in the modest operational performance of the company marked by modest scale of operations and low profitability margins. The ratings also factors in the geographically concentrated and moderately sized outstanding order book position of the company. The ratings also take into consideration the low net worth base of the company coupled with working capital-intensive nature of operations. However, the ratings draw comfort from the company's comfortable capital structure, satisfactory debt coverage indicators, experienced promoter with long-standing relationships in the government contracting space and demonstrated ability to execute projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable improvement in the scale of operations marked by total operating income above ₹150 crore along with improvement in Profit Before Interest, Lease, Depreciation, and Taxes (PBILDT) margin beyond 10% on a sustained basis
- Growth in its order book position and timely execution of the same resulting in increase in its scale of operations while maintaining its profitability on a sustained basis.

Negative factors

- Decline in scale of operations below ₹75 crore or PBILDT margin falling below 4% on a sustained basis
- Deterioration in capital structure with Total Outside Liabilities to Tangible Net Worth (TOL/TNW) exceeding 2.0x.
- Deterioration of liquidity position owing to delay in payment from government departments.

Analytical approach: Standalone

Outlook: Stable

"Stable" outlook reflects CARE Ratings opinion that SIL will continue to derive benefit from its long-standing experience of promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Modest operational performance

The company is a small regional player involved in executing construction contracts majorly relating to PWD projects in Uttar Pradesh (UP). The total operating income (TOI) of the company stood at ₹100.89 crore in FY25 (refers to the period April 01, 2024 to March 31, 2025) compared to ₹170.84 crore in FY24 (refers to the period April 01, 2023 to March 31, 2024). The small scale of operations in a fragmented industry limits the pricing power and restricts the company from benefiting through economies of scale. The company majorly undertakes government projects, which are awarded through the tender-based system. The projects are highly competitive and involve aggressive bidding, stressing the profitability margins. The profitability margins as

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

marked by profit before interest, lease rentals, depreciation and taxation (PBILDT) and profit after tax margins improved to 5.70% and 2.07%, respectively, in FY25 (PY: 4.05% and 1.86%, respectively).

Moderate Outstanding Order Book Supporting Revenue Visibility; Execution Timeliness Remains Critical

As on July 10, 2025, SIL has an outstanding balance work to be executed of approximately ₹64.58 crore, equivalent to around 64% of the company's FY25 operating income of ₹100.89 crore. Further, the company has an L1 order of around Rs. 500 crores which will aid the order boom position of the company. The order book remains moderately diversified across various authorities—including NHAI, Smart City Limited, BDA, and state PWD divisions—covering road construction, repair, and utility shifting works. While this provides near-to-medium-term revenue visibility, the execution progress has been partly constrained by procedural delays, such as pending site clearances, electricity department approvals, and administrative bottlenecks. Timely execution and billing of the remaining orders will be crucial for sustaining scale and supporting cash flows, particularly in the context of moderate profitability margins (~5–7%) and a modest net worth base (₹36.87 crore as on March 31, 2025).

Highly competitive industry with business risk associated for tender-based orders

SIL operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are a number of small and regional players catering to the same market which have limited the bargaining power of the company and have exerted pressure on its margins. The availability and retention of skilled manpower has also become a major challenge. SIL receives the majority of its work orders from government departments. The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large. Further, any changes in the government policy or government spending on projects are likely to affect the revenues of the company. Furthermore, the government projects are awarded through the tender-based system. This exposes the company to the risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

Working capital intensive nature of operations

The construction industry is characterized by a working capital intensive nature of operations, wherein inventory primarily comprises work-in-progress at different sites due to procedural delays in certification and validation of executed work. However, SIL, leveraging its established relationships across government departments, generally raises bills only after the work is jointly measured and quality checked by the authorities. Typically, bills are raised towards the year-end, resulting in relatively low inventory holding of 4–18 days in recent periods. The operating cycle remains negative, supported by advances received from clients and prompt billing realisation, with the average collection period improving significantly to 13 days as on March 31, 2025 (vis-à-vis 45 days in FY23). Creditors are paid as per mutually agreed timelines, with average payable days standing at 94 days as on March 31, 2025. With low reliance on fund-based working capital limits (utilisation remained moderate) and a long-standing vendor base, SIL meets its funding requirements primarily through creditor support and internal accruals. Gross asset days of the company stood at 215 days as on March 31, 2025.

Key strengths

Comfortable capital structure with Satisfactory debt coverage indicators

The entity's capital structure stood comfortable, as marked by an overall gearing of 0.25x as on March 31, 2025 (0.3x as on March 31, 2024). Its debt profile largely comprises external debt in the form of working capital and term debt. The total outside liabilities to net worth stood moderate at 1.12x as on March 31, 2025 (moderated from 1.26x as on March 31, 2024). The improvement in capital structure was on account of profit accretion to reserves. Debt coverage indicators stood satisfactory, as marked by comfortable PBILDT interest coverage of 4.96x in FY25 (7.5x in FY24) and moderate total debt to GCA (TD/GCA) of 2.32x in FY25(1.95x in FY24).

Experienced promoter

Nainjeet Singh Sobti (promoter & whole-time director) has experience of around three decades in the construction business. The company has a team of qualified & experienced engineers and long association with government contractors associated to road Construction Companies which has benefitted in terms of bagging new orders in competitive environment.

Liquidity: Stretched

Liquidity is stretched marked by extended Gross Current Assets days (GCA Days) at 215 days and negative operating cycle at (-) 63 days in FY25. The working capital requirements were primarily funded through bank debt and extended reliance on creditors (as marked by Payable days of 94 days in FY25). Cash profits in FY26 are expected to be Rs. 6.60 cr. as against debt servicing obligation of Rs. 4.41 cr. While cash-flow from operations was negative at Rs.11 crore in the FY25, unencumbered cash and bank balance was around Rs.16.35 crore as on March 31, 2025.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated during the year 1997, SIL is engaged in execution of civil construction contracts related to road construction and other structural works mainly for PWD. Nainjeet Singh Sobti is the promoter and whole-time director of the company. The registered office of the company is in New Delhi and the corporate office is in Bareilly, UP.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	63.26	170.84	100.89
PBILDT	4.70	6.92	5.75
PAT	1.59	3.18	2.09
Overall gearing (times)	0.19	0.30	0.25
Interest coverage (times)	3.95	7.50	4.96

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork has placed the rating assigned to the bank facilities of SIL into Issuer Not Cooperating category vide their press release dated July 02, 2025, on account of non-availability of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	7.46	CARE BB+; Stable / CARE A4+
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	70.54	CARE BB+; Stable / CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	70.54	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (30-Dec-24)	1)CARE BB+; Stable / CARE A4+ (19-Feb-24)	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	7.46	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (30-Dec-24)	1)CARE BB+; Stable / CARE A4+ (19-Feb-24)	-

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

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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