

February 25, 2026

## Sophisticated Industrial Materials Analytic Labs Pvt. Ltd.: [ICRA]BB+ (Stable)/[ICRA]A4+; assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	1.00	[ICRA]BB+ (Stable); assigned
Long-term – Fund-based – Others	10.00	[ICRA]BB+ (Stable); assigned
Short-term – Non-fund based – Others	40.00	[ICRA]A4+; assigned
Unallocated limits	14.00	[ICRA]BB+ (Stable) / [ICRA]A4+; assigned
<b>Total</b>	<b>65.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating assigned to Sophisticated Industrial Material Analytics Labs Private Limited (SIMA) factors in the extensive experience of its promoters in design, engineering, procurement and commissioning of various water treatment, sewage treatment and wastewater treatment plants. The promoters also possess considerable expertise in product testing services, operating National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited laboratories catering to sectors such as food, pharmaceuticals, cosmetics and pesticides. These laboratories undertake a range of regulatory tests, including steroid detection, food-grade certification and shelf-life analysis, in compliance with requirements set by government agencies and regulatory authorities in India. The rating is further supported by SIMA's healthy order book position of over Rs. 250 crore as on September 30, 2025, and its association with reputed government clients, which ensures revenue visibility in the near-to-medium term. The rating also draws comfort from comfortable debt protection metrics with limited external debt repayment in the near-to-medium term.

The rating is, however, constrained by its modest scale of operations which is expected to gradually increase on the back of increasing total contract order value and its improving credentials to bid direct tenders. While assigning the rating, ICRA has also considered its working capital-intensive operations on account of high receivables. Further, SIMA's order book is highly concentrated towards some big projects, with the top 10 orders accounting for around 85% of the total order value in hand as of September 2025. Going forward, the company's ability to judiciously manage its working capital cycle while scaling up its revenues and maintain adequate liquidity cushion remains important from the credit perspective.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will maintain comfortable debt protection metrics in the near-to-medium term and that it is likely to sustain its current scale of operations supported by the medium-term healthy unexecuted order book. Further, the outlook underlines ICRA's anticipation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics.

### Key rating drivers and their description

#### Credit strengths

**Significant experience of promoters in EPC and product testing business** – SIMA's promoters have over two decades of experience in the execution of engineering, procurement, and construction (EPC) contracts in the sewage and water treatment plants, as well as in product testing services, undertaking a range of regulatory tests, including steroid detection, food-grade certification, shelf-life analysis, etc., in compliance with requirements set by government agencies and regulatory authorities in India. A significant portion of its EPC order book comprises projects awarded by key government agencies, including the various state development authorities.

**Comfortable debt protection metrics** – SIMA’s debt protection metrics remain comfortable, supported by limited external debt obligations. In FY2025, the company reported an interest coverage ratio of about 4.1 times, indicating adequate headroom to service interest obligations. Further, its debt service coverage ratio (DSCR) continued to be comfortable as on March 31, 2025, at about 1.9 times with limited debt repayment.

### Credit challenges

**Modest scale of operations** – SIMA remains a moderate-scale player in a competitive industry, as reflected in its modest operating income of Rs. 101 crore in FY2025. Nevertheless, it has demonstrated a significant increase in operating revenues in last two financial years, registering a YoY growth of about 16% and about 27% in FY2024 and FY2025, respectively, driven by the addition of new EPC contracts in its order book. ICRA expects the company revenue growth to moderate over the medium term, and the operating scale is anticipated to largely sustain at current levels with gradual improvement, supported by moderate revenue visibility in the form of unexecuted order book of more than Rs. 250 crore as on September 30, 2025.

**High customer concentration risk** – SIMA remains exposed to high project and client concentration risks, with the top ten customers accounting for more than 80% of the total EPC outstanding order book as on September 30, 2025. Additionally, the geographical concentration of revenues also continues to be high, with a significant portion of the company’s turnover derived from projects located in the Delhi National Capital Region (NCR).

**High working capital intensity** – SIMA’s operations remain highly working-capital intensive due to a prolonged receivable cycle (with average debtor days of 80), given that most receivables are collected from various state government departments, which typically require 60-90 days to process payments after bill submission. The company’s ability to effectively manage its working capital cycle and maintain adequate liquidity continues to be a key rating factor for monitoring.

### Liquidity position: Adequate

The company’s liquidity is expected to be adequate, with sufficient cash flow from operations to meet its debt-servicing obligations. Further, it has term debt repayment of around Rs. 2.7 crore in FY2026 and Rs. 1.7 crore in FY027 which is expected to be serviced comfortably through internal accruals. Apart from this, the company does not have any major capex plans. Further, liquidity is supported by moderate cushion in the fund-based working capital limits, with the overall utilisation of fund-based working capital limit averaging at about 72% over the 12-month period ended in December 2025.

### Rating sensitivities

**Positive factors** – ICRA could upgrade SIMA’s rating if the company demonstrates a sustained increase in its revenues and earnings, leading to an improvement in its net worth while maintaining adequate liquidity.

**Negative factors** – Negative pressure on SIMA’s rating could arise if there is a significant decline in revenue and earnings or any significant deterioration in the working capital cycle and/or any major debt-funded capex, which adversely impacts the company’s debt protection metrics and liquidity on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Construction</a>
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

## About the company

SIMA operates through three main business divisions, Testing, EPC Contracts and AMC Services. The Testing division operates through the company's own NABL-accredited laboratories, which provide product testing services for industries such as food, pharmaceuticals, cosmetics and pesticides, etc. The labs conduct multiple types of regulatory tests, including steroid detection, food-grade testing and shelf-life studies, as required by various government bodies and compliance agencies in India. The EPC and AMC segments are further divided between government clients such as state governments, central agencies and municipal bodies as well as private-sector clients. The EPC division undertakes projects involving the design, engineering, procurement and commissioning of various water and wastewater treatment systems. These include drinking water treatment plants, industrial wastewater treatment plants, sewage treatment plants (STP), common effluent treatment plants (CETP), recycling plants and zero liquid discharge (ZLD) systems.

## Key financial indicators (audited)

SIMA (standalone)	FY2024	FY2025
<b>Operating income (OI)</b>	79.9	101.4
<b>PAT</b>	2.0	3.4
<b>OPBDIT/OI</b>	5.9%	7.0%
<b>PAT/OI</b>	2.5%	3.4%
<b>Total outside liabilities/Tangible net worth (times)</b>	2.4	2.6
<b>Total debt/OPBDIT (times)</b>	4.1	2.1
<b>Interest coverage (times)</b>	2.7	4.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA

CARE B; Stable / CARE A4; ISSUER NOT COOPERATING\*; Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE B+; Stable and ST rating reaffirmed as on June 13, 2025

CRISIL BB+/Stable/ CRISIL A4+/ rating migrated to ISSUER NOT COOPERATING; Reaffirmed as on January 30, 2026

## Any other information: Not applicable

### Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Feb 25,2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based – Others</b>	Long term	10.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
<b>Unallocated limits</b>	Long term/Short term	14.00	[ICRA]BB+ (Stable)/[ICRA]A4+	-	-	-	-	-	-
<b>Fund-based – Term loan</b>	Long term	1.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
<b>Non-fund based – Others</b>	Short term	40.00	[ICRA]A4+	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Fund-based – Others	Simple
Short-term – Non-fund based – Others	Simple
Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

### Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Working capital limits	NA	NA	NA	10.00	[ICRA]BB+ (Stable)
NA	Term loan	FY2024	9-10%	FY2027	1.00	[ICRA]BB+ (Stable)
NA	Non-fund based Limits	NA	NA	NA	40.00	[ICRA]A4+
NA	Unallocated limits	NA	NA	NA	14.00	[ICRA]BB+ (Stable)/[ICRA]A4+

Source: Company

[Please Click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure II: List of entities considered for consolidated analysis

Not applicable

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Uday Kumar**

+91 124 4545867

[uday.kumar@icraindia.com](mailto:uday.kumar@icraindia.com)

**Lakhan Kumar Agarwal**

+91 124 4545341

[lakhan.agarwal@icraindia.com](mailto:lakhan.agarwal@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited

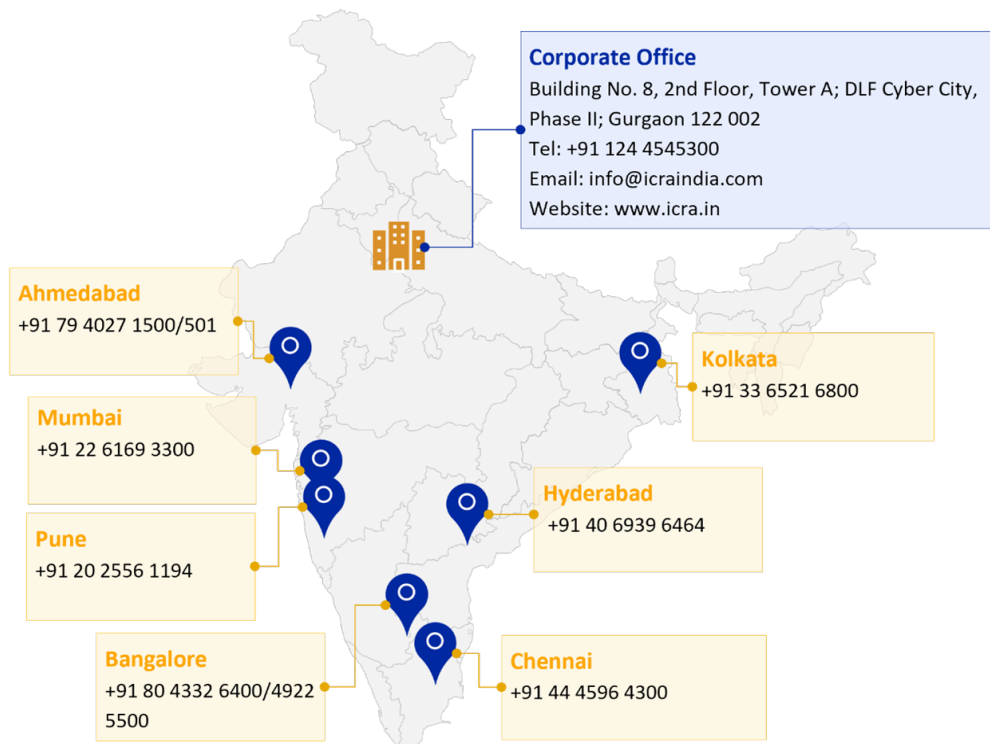


### Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



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