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Servotech Renewable Power System Limited (erstwhile known as Servotech Power Systems Limited).

September 23, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	228.86 [enhanced from Rs. 123.64 crore]	IVR BBB+/Stable [IVR Triple B Plus with Stable Outlook]	IVR BBB-/Stable [IVR Triple B Minus with Stable Outlook]	Rating Upgraded	Simple
Short Term Bank Facilities	70.00 [enhanced from Rs. 45.00 crore]	IVR A2 [IVR A Two]	IVR A3 [IVR A Three]	Rating Upgraded	Simple
Total	**298.86 [enhanced from Rs. 168.64 crore]**	**[Rupees Two hundred ninety-eight crore and eighty-six lakhs 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

Infomerics Ratings has upgraded its rating assigned to the bank facilities for the long-term facilities to IVR BBB+ with stable outlook and short-term facilities to IVR A2 of Servotech Renewable Power System Limited (SRPSL).

The rating upgrade is on account significant improvement in scale of operations along with profitability and satisfactory financial risk profile. The ratings continue to draw comfort from experienced promoters with longstanding presence in the industry. The company also drew support from favourable demand of solar and electric vehicle (EV) industry. However, these rating strengths are partially offset by working capital intensive nature of operations and susceptible to intense competition and regulatory changes and technology risk.

The 'Stable' outlook reflects Infomerics Ratings expectation of sustained profitability and growing scale of operations. Infomerics believes SRPSL will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of the company up to 31 March 2025 (refers to period April 1st, 2024, to March 31st, 2025) and projected financials for FY2026 (refers to period April 1st, 2025, to 2 March 31st, 2026) - FY2028 (refers to period April 1st, 2027, to March 31st, 2028), and publicly available information/ clarifications provided by the company's management.

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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in revenue & profitability with revenues remaining above Rs. 750.00 crores on sustained basis.
- Sustained improvement in working capital cycle.

Downward Factors

- Any substantial decline in revenue and/or profitability on sustained basis.
- Any significant deterioration in financial risk profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoter with longstanding presence in the industry**
  SRPSL is established by Mr. Raman Bhatia who has more than two decades of experience in the same line of industry. His long presence and extensive experience in the industry have helped the company in building strong supplier and customer networks. He is well assisted by team of well-qualified and experienced members.

- **Favorable demand of solar and EV industry**
  The solar and EV industries benefit from strong and favorable demand driven by clean energy transitions and sustainability goals. Supportive government incentives, policy mandates, and consumer preference for green solutions provide long-term visibility of growth. This stable demand outlook enhances revenue predictability and reduces sectoral risk. Such factors strengthen the credit profile of companies operating in these industries.

- **Significant improvement in scale of operations along with profitability**
  The total operating income of the company has grown significantly at (CAGR) of 63.77% during the past three years, ended as on March 31, 2025, further, y-o-y the company has registered a significant increase in the Total Operating Income by 92.12% and stood at Rs. 587.30 crore in FY25 compared to Rs. 305.69 crore in FY24, majorly on account of increase in sales of DC chargers. With increase in topline, the

EBITDA margin of the company also improved by 306 bps and stood healthy at 9.68% in FY25 compared to 6.61% in FY24 mainly on account of decline in raw material consumption cost along with salary expenses along with higher margins earned on DC chargers. Subsequently, the PAT margin also improved by 197 bps and stood at 5.68% during FY25 compared to 3.71% during FY24 on account of increase in operational profitability. The GCA improved from Rs. 14.69 crore in FY24 to Rs. 39.53 crore in FY25 on account of improved profitability.

- **Comfortable financial risk profile**

The capital structure of the company stood comfortable at 0.39x as on March 31, 2025, improved from 0.77x as on March 31, 2024, on account of schedule repayment of term liabilities. The total indebtedness of the company as reflected by the TOL/TNW stood comfortable at 0.81x as on March 31, 2025, improved from 1.19x as on March 31, 2024, on account of increase in TNW against decline in total debt. The debt protection metrics of the company stood comfortable with ICR of 7.38x as on March 31, 2025, improved from 6.28x as on March 31, 2024, on account of improved profitability. The total debt to GCA stood at moderate at 1.95x as on March 31, 2025, improved from 5.72x as on March 31,2024 on account of decline in total debt along with increase in GCA.

B. Key Rating Weaknesses

- **Working capital intensive nature of operations**

The solar and EV industries are highly working capital intensive, as they require large upfront investments in raw materials, manufacturing, and infrastructure before revenue realization. Long receivable cycles, dependence on subsidies, and delayed payments from counterparties can further strain liquidity. High inventory holding requirements, especially due to supply chain uncertainties, also increase funding needs. This places pressure on cash flows and necessitates strong financial discipline to maintain stability.

- **Susceptible to intense competition and regulatory changes and technology risk**

The solar and EV industries face high dependence on government subsidies and policy support, making them vulnerable to regulatory changes. Both sectors are highly capital-intensive, requiring significant upfront investments in technology, infrastructure, and R&D.

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Supply chain disruptions, particularly in critical minerals and battery components, pose operational risks. Additionally, technology obsolescence and intense competition may pressure margins and profitability.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing 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 company's liquidity is adequate marked by 47.72% average utilisation of fund-based limits during the past 12 months ended June 2025. The unencumbered cash and bank balance stood at Rs. 10.83 crore as on March 31, 2025. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 56.97 Cr. - Rs. 104.59 Cr. during FY26-28 against debt repayment of Rs. 6.38-10.15 Cr. in FY26-28. The company has a current ratio of 2.22x as on March 31, 2025, compared to 1.77x as on March 31, 2024. The operating cycle of the company stood at 81 days in FY25 days which was 101 days in FY24.

About the Company

SRPSL is engaged into energy sector that produces solar products and EV chargers, they are also into development of ultra-fast DC chargers and home AC chargers. They started their business with the introduction of Sine- wave inverters used for commercial and domestic purposes. After developing expertise over years, they launched a new series into their business and started providing LED lightning solutions, solar streetlights, solar- hybrid inverters. The company has procured Patent on Peak Shaving Technology. Further, the company is also ISO 45001:2015, ISO 9001:2015, ISO 14001:2015 verified company. In addition to the Public Sector Undertakings (PSUs) like IOCL, BPCL, and HPCL, the company works with various nodal agencies from different states, these include UP NEDA, BREDA, Nashik Corporation, and others. These agencies float tenders for solar and EV projects.

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Financials (Standalone): **(Rs. crore)**

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	305.69	587.30
EBITDA	20.22	56.82
PAT	11.39	33.47
Total Debt	84.02	77.28
Tangible Net Worth (Adj.)	108.95	198.00
EBITDA Margin (%)	6.61	9.68
PAT Margin (%)	3.71	5.68
Overall Gearing Ratio (x)	0.77	0.39
Interest Coverage (x)	6.28	7.38

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	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 in 2022-23
					July 05, 2024		
1.	Fund Based Limits	Long Term	228.86	IVR BBB+ /Stable	IVR BBB- / Stable	-	-
2.	Non-Fund Based	Short Term	70.00	IVR A2	IVR A3	-	-

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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).

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.

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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
Long Term Facility – Cash Credit	-	-	-	-	184.52	IVR BBB+/Stable
Long Term Facility – Term Loan	-	-	-	July 2032	44.32	IVR BBB+/Stable
Short Term Facility – Bank Guarantee	-	-	-	-	70.00	IVR A2

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-servotech-power-sep25.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.