



Press Release

Shree Associates Infraventures Private Limited

April 01, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	31.13	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Short Term Bank Facilities	52.00	IVR A3 (IVR A Three)	-	Assigned	Simple
Proposed Long Term/ Short Term Bank Facilities	41.87	IVR BBB-/Stable/IVR A3 (IVR Triple B Minus with Stable Outlook; IVR A Three)	-	Assigned	Simple
Total	125.00	(Rupees One Twenty-Five Crore 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 assigned its rating to the Bank facilities of Shree Associates Infraventures Private Limited (SAIPL). The rating derive strength from experienced promoters, favourable financial risk profile and healthy order book position indicating steady revenue visibility. However, these rating strengths remain constrained by susceptibility of operating margin to volatile input prices, tender driven nature of business in highly fragmented & competitive operating scenario and contract execution risk.

The outlook of SAIPL is expected to be stable in view of healthy order book position indicating revenue visibility in the medium term.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations with improvement in profitability and gross cash accruals on a sustained basis.
- Timely and proper execution of existing order book and diversification in regional presence.

Downward Factors



Press Release

- Significant dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or deterioration in the financial risk profile.
- Any delay in the execution of order book, leading to elongation in the working capital cycle.
- Higher than expected outflow towards group companies

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

The promoters/directors of the company, Mr. Mangesh Yende and Mr. Anand Dumbre, have above two decades of experience in the infra and construction industry. They have been operating in Maharashtra since last 23 years executing projects for Public Works Department (PWD), Morth (Ministry of Road Transport and Highways), NHAI (National Highways Authority of India), National Highways and Infrastructure Development Corporation Ltd.(NHIDCL), Border Road Organization (BRO), Maharashtra Rural Road Development Authority (MRRDA), Maharashtra Industrial Development Corporation(MIDC), Central Railway(CR), Talegaon City Council, Lonawala City Council, Junner Market Committee and other local bodies through many projects for roads , Flyovers, Buildings and bridges construction. The company is backed by a team of highly skilled engineers and professionals with extensive experience in civil engineering, ensuring the delivery of top-quality services.

Favourable financial risk profile

The financial risk profile of the company is healthy marked by comfortable profitability metrics. The EBITDA for FY24 (refers to period from April 01, 2023, to March 31, 2024) remained 23.51%, and PAT for FY24 remained 15.74%. The profitability is supported by O&M contract income for various HAM projects executed by group companies and awarded to the company. In addition, the gearing ratio of the company is also comfortable and stood at 0.41 times as on March 31, 2024, against 0.00 times as on March 31, 2023. The ISCR as on March 31, 2024, stood at 18.64 times against 14.12 times as on March 31, 2023. The DSCR as on March 31, 2024, stood at 8.71 times against 7.36 times as on March 31, 2023



Press Release

Healthy order book position indicating steady revenue visibility

The company has a healthy unexecuted order book of Rs.1432.85 Cr, as on March 15, 2025, that is to be executed within a span of 24-48 months, thus providing stable revenue visibility in near to medium term

Key Rating Weaknesses

Susceptibility of operating margin to volatile input prices with tender driven nature of operations.

Major raw materials used in civil construction activities are steel & cement. Stone, asphalt/bitumen and sand are also used in road construction activities. The raw material & labour (including subcontracting) cost forms the majority chunk of the total cost of sales. As the raw material prices & labour (including sub-contracting) cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour cost, although the same risk has been mitigated to some extent with the presence of inherent price escalation clause added in the contracts. Raw material purchases account for more than 70% of the total cost, meaning any changes in input prices can significantly impact the company's profitability. The domestic infrastructure works sector is highly crowded with presence of many players with varied statures & capabilities due to which profitability margins come under pressure. Further, the company receives its work orders from government departments through tenders floated by the departments.

High working capital intensity and exposure to group companies

As of March 31, 2024, the company exhibits a high working capital intensity, reflected in its total collection days of 214 and total creditors days of 244. This indicates that the company's working capital cycle remains extended, potentially impacting liquidity and operational efficiency. Additionally, the company's financial exposure to its group companies remains high with outstanding loans amounting to Rs. 24.73 crore lent to group entities, alongside Rs. 22.70 crore borrowed from them. This inter-company exposure may introduce additional financial risks and implications for the company's capital structure.



Press Release

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 company has adequate liquidity position marked by the GCA which stood at Rs. 21.52 crore as on March 31, 2024, as against debt repayments of Rs.1.33 crore. The GCA for the projected period is in the range of Rs. 19.00 crore to Rs.30.00 crore as against the debt repayment obligations of Rs. 7.00 crore to Rs.8.00 crore. The current ratio as on March 31, 2024, stood at 1.40x. The free cash flows as on March 31, 2024, remained at Rs.5.00 crore.

About the Company

Shree Associates, originally established as a partnership firm on November 27, 2002, has since been transitioned into Shree Associates Infraventures Pvt. Ltd. (SAIPL) on April 20, 2023, through Business Transfer Agreement. Shree Associates Infraventures Private Limited was incorporated in May 2022. The company specializes in the construction of roads, highways, flyovers, buildings, and bridges. SAIPL actively participates in bidding for infrastructure projects with esteemed organizations such as the Ministry of Road Transport and Highways (MoRTH), National Highways Authority of India (NHAI), National Highways and Infrastructure Development Corporation Ltd. (NHIDCL), Border Roads Organization (BRO), Maharashtra Public Works Department (PWD), Maharashtra Rural Road Development Authority (MRRDA), Maharashtra Industrial Development Corporation (MIDC), Central Railway (CR), as well as local bodies such as Talegaon Nagarparishad, Lonawala Nagarparishad, Junner Nagarparishad, and Junnar Market Committee. Additionally, SAIPL undertakes private construction projects within Maharashtra.



Press Release

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	102.39	130.04
EBITDA	20.39	30.57
PAT	18.27	20.56
Total Debt	20.90	41.44
Tangible Net Worth	22.35	45.22
EBITDA Margin (%)	19.91	23.51
PAT Margin (%)	17.80	15.74
Overall Gearing Ratio on adjusted TNW (x)	0.94	2.02
Interest Coverage (x)	11.46	18.64

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Date (Month XX, 20XX)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Term Loan	Long Term	24.13	IVR BBB-/Stable	-	-	-
2.	Overdraft	Long Term	7.00	IVR BBB-/Stable	-	-	-
3.	Bank Guarantee	Short Term	52.00	IVR A3	-	-	-
4.	Proposed Long/Short Term Facilities	Long Term/Short Term	41.87	IVR BBB-/Stable/IVR A3	-	-	-

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Press Release

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.

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Press Release

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
Term Loan	-	-	-	March 05, 2030	24.13	IVR BBB-/Stable
Overdraft	-	-	-	-	7.00	IVR BBB-/Stable
Bank Guarantee	-	-	-	-	52.00	IVRA3
Proposed Long Term/Short Term Facilities	-	-	-	-	41.87	IVR BBB- /Stable/IVRA3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ShreeAssociates-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.