



Press Release

Shree Nestbuild Infra Private Limited (SNIPL)

March 27, 2025

Ratings

| Instrument/Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | <u>Complexity Indicator</u> |
|----------------------------|---|--|-----------------------------|--------------------------|--|
| Long Term Facilities | 46.00 | IVR BB/Stable (IVR Double B with Stable Outlook) | - | Assigned | Simple |
| Total | 46.00 (Forty-Six 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 Nestbuild Infra Private Limited (SNIPL) based on strengths derived from proven track record and experienced promoters in sewage treatment industry, growing; albeit modest scale of operations and profitability margins and healthy debt protection metrics. The rating is however constrained by leveraged capital structure, working capital intensive nature of business, concentrated order book position and tender-based nature of operations with intense competition in the industry.

The stable outlook reflects the fact that the entity will continue to benefit from the proven track record and experienced promoters in sewage treatment industry.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in total operating income and/or EBITDA margins leading to improvement in debt protection metrics & capital structure.

Downward Factors

- Any decline in revenue and/or EBITDA margin leading to deterioration in debt coverage indicators and/or any stretch in operating cycle impacting the liquidity position and capital structure.
- Any delay in execution of existing order book as envisaged affecting the cash flow generating ability of the Company.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Proven track record and experienced promoters in sewage treatment industry**

Shree Nestbuild Infra Private Limited was incorporated on 2nd August 2016. The company is mainly into In-situ treatment of sludge and sewage through Bio- Remediation as well as for the treatment of sewerage which is been offloaded into the rivers, with continuous updated technology, vetted by IIT and Central Pollution Control Board (GOI). The company has actively participated in FSM (Faecal Sludge Management) through their association with sectors of projects related to Water Treatment Plant, sewerage network bio-remediation, FSTP (Faecal Sludge Treatment Plant) Irrigation and Dams etc. Rishu Shree and Ritambhara Kumari are the directors of the company with around decade of experience.

- **Growing; albeit modest scale of operations and profitability margins**

SNIPL scale of operations remains modest with total operating income of Rs. 124.52 crore in FY24(Audited) [refers to period April 1, 2023, to Mar 31, 2024], compared to Rs. 12.54 crore in FY23(Audited) [refers to period April 1, 2022, to Mar 31, 2023] and EBITDA stood at Rs. 12.89 crore in FY24 (FY23: Rs. 0.59 crore). The company's EBITDA margins increased to 10.35% in FY24 compared to 4.67% in FY23. Further, the tangible net worth also increased to Rs. 9.43 crore as on March 31, 2024. The company has generated revenue to tune of Rs. 175.33 crore till January 2025.

- **Healthy debt protection metrics**

The debt protection metrics of the company remained healthy marked by interest coverage ratio of 33.66x in FY24. Further, total debt to NCA remained at 3.13 times as on March 31, 2024. The DSCR as on March 31, 2024, stood at a comfortable 21.81x. The financial risk profile of the company is marked by healthy debt protection metrics.

Key Rating Weaknesses

- **Leveraged capital structure**



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The financial risk profile of the company is marked by leveraged capital structure. The overall gearing stood at 2.80x as on March 31, 2024 (FY23: 0.96x). The total indebtedness of the company reflected by TOL/TNW stood at 6.82x as on March 31, 2024 (FY23: 16.74x).

- **Working capital intensive nature of business**

The nature of business is working capital intensive as significant amount gets blocked in debtors due to delay in payment from government. The payment usually is received in 6-7 months from the date of billing. The operating cycle for the company remained negative in FY24, however this was due to elevated creditor days in FY24.

- **Concentrated order book position**

The company has an unexecuted order book position of Rs. 609.09 crore (4.89x of total revenue for FY24) which is to be completed in 12-15 months thus providing satisfactory revenue visibility in near to medium term. SNIPL's focus is mainly on in-situ treatment of sludge and sewage through Bio- Remediation work hence, there exists segment concentration risk. However, the order book remains concentrated with only 2 orders from Bihar Urban & Development Department indicating a geographical and customer concentration risk. However, the company has adequate experience to execute projects in the states which provide comfort.

- **Tender-based nature of operations with intense competition in the industry**

The company is mostly getting its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to presence of many organized and unorganized players tender driven nature of business leads to volatility in revenue and profitability. Further, being in infrastructure segment the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution, delay in payments from the government, fluctuating input costs etc. Further, since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully. Further, being a regional player, SNIPL executes projects only in Bihar. Thus, remains susceptible to any slowdown in tenders floated in the region or changes in government policies.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

[Criteria of assigning Rating Outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity – Adequate

Shree Nestbuild Infra Private Limited liquidity remains adequate as evidenced by the company's working capital utilization which stood at an average of ~ 67.79% against sanctioned limits for the last 3-month period till February 2025. The company would be able to earn a comfortable level of Gross Cash Accruals (GCA) going ahead in FY25, and the same is expected to improve during the projected period with increase in scale of operations which is adequate to meet the repayment obligations. Cash & Bank Balances as on 31st March 2024 stood at Rs. 1.36 Crore. Current Ratio for the group stood at 1.16x as on 31st March 2024. However, any major delays in receiving the payment can have adverse impact on the liquidity.

About the Company

Shree Nestbuild Infra Private Limited was incorporated on 2nd August 2016 with its registered office in Patna (Bihar). The company is mainly into In-situ treatment of sludge and sewage through Bio- Remediation as well as for the treatment of sewerage which is been offloaded into the rivers.

Financials (Standalone):

| For the year ended/ As on* | (Rs. crore) | |
|----------------------------|-------------|------------|
| | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Operating Income | 12.54 | 124.52 |
| EBITDA | 0.59 | 12.89 |
| PAT | 0.39 | 8.42 |
| Total Debt | 0.94 | 26.42 |
| Tangible Net Worth | 0.98 | 9.43 |
| EBITDA Margin (%) | 4.67% | 10.35% |
| PAT Margin (%) | 3.12% | 6.76% |
| Overall Gearing Ratio (x) | 0.96 | 2.80 |
| Interest Coverage (x) | 75.21 | 33.66 |

* Classification as per Infomerics' standards.



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Status of non-cooperation with previous CRA: None

Any other information: None

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 | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| | | | | | - | - | - |
| 1. | Cash Credit* | Long Term | 46.00 | IVR BB/ Stable | - | - | - |

*Includes Proposed Cash Credit of Rs. 3.00 crore

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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.

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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 |
|--------------------------------|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| Open Cash Credit | - | - | - | - | 43.00* | IVR BB/Stable |
| Proposed Cash Credit | - | - | - | - | 3.00 | IVR BB/Stable |

**Sub limit: ODBD Limit – Rs. 33.00 crore*

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-shreenestbuild-mar25.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.