

## Shreesomnidhi Infrasolutions Private Limited

March 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE B; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Rating Limited (CARE Ratings) has been seeking information from Shreesomnidhi Infrasolutions Private Limited (SIPL) to monitor the ratings vide e-mail communications dated January 20, 2025, January 28, 2025, and February 06, 2025, among others and multiple phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings based on best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The issuer rating on SIPL will now be denoted as **CARE B; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The rating takes into account limited track record of business with limited project execution capabilities and revenue visibility in the medium term, elongated operating cycle indicating stretched liquidity position, moderate profit margins, susceptibility to fluctuation in construction material prices, presence in highly fragmented and competitive construction industry and tender driven nature of business, experienced management in civil construction business and comfortable capital structure.

### Detailed description of key rating drivers:

At the time of last rating on May 10, 2024, the following were the rating strengths and weaknesses:

#### Key weaknesses

##### Limited track record of business with modest capacity of project execution:

SIPL has a limited track record of operations of four years in civil construction roads, bridges, etc. SIPL works as sub-contractor for private players in civil construction activity for the projects which are primarily funded by Central Government or State Government. Over the years of past four years, the size of the executed projects has remained modest, with instances of termination/ foreclosure of projects by Ministry of Road Transport & Highways (MoRTH)

##### Lack of revenue visibility in medium term due to absence of order book:

Currently, SIPL does not have any orders in hand however, company through a 50:50 JV with Eagle Infra India Limited (EIIL) has formed a special purpose vehicle (SPV) named Kante Waked Highways Private Limited (KWHPL) to execute a HAM based road project to be received through harmonious substitution (subject to confirmation from Ministry of Road Transport and Highways (MoRTH) and Public Works Department (PWD)) from Kante Waked Multi Projects Private Limited (KWMPPL), an SPV of Roadways Solution India Limited. SIPL, as an Engineering, procurement and construction (EPC) contractor for the said project has executed construction work to the tune of Rs.156 crore (total contract value of Rs.792 crore), rest of the work is expected to be executed by EIIL. As on February 29, 2024, SIPL does not have any other orders in hand, indicating lack of revenue visibility. SIPL's total operating income remained moderate at Rs.83.62 crore in FY23 (period refers to April 01 to March 31) and Rs.53.81 crore in 8MFY24 (period refers to April 01 to November 30). Going forward, SIPL intends to bid for new EPC contracts floated by private players as well as by government authorities.

##### Moderate profit margins:

SIPL's incurred operating loss of Rs. 1.53 crore in FY23 vis-à-vis operating profit of Rs.3.34 crore in FY22 on account of increase in subcontract charges, rent charges and labour charges. However, company achieved net profit of Rs.4.82 crore in FY23 vis-à-vis Rs. 5.50 crore in FY22 on account of non-operating income. Further during 8MFY24, company reported operating loss of Rs.0.74 crore and profit before tax of Rs.2.99 crore.

##### Susceptibility to fluctuation in construction material prices

Cement, steel and other construction material are used extensively by SIPL for its project execution. Prices of these materials are volatile in nature. Also, the company does not have in-built price escalation clause for its existing project. Accordingly, any variations in the prices of raw material is expected to affect the profitability margins of SIPL.

##### Presence in highly fragmented and competitive construction industry and tender driven nature of business

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

The construction industry is fragmented in nature with a large number of medium scale players present at regional level. This coupled with the tender-driven nature of contracts poses huge competition and puts pressure on the profit margins of the players. SIPL is a regional player with civil and structural works contracts primarily concentrated towards few clients. Furthermore, SIPL faces fierce competition from other companies for new orders.

### Key strengths

#### Experienced management in civil construction business:

The promoters of SIPL, Mr. Nitin S. Sastakar, CEO & Managing Director, Mr. Abhay Mane, Director and Mr. Abhijit Pawar, Director have reasonable experience in the field of civil construction road infrastructural works, etc. Having successfully executed a few private projects, SIPL has gained reputation and has established good relationship with its clients enabled repetitive orders. All the promoters are supported by experienced second line of management.

#### Comfortable capital structure:

Owing to absence of external debt and high net worth base, capital structure of the company remained comfortable since last two years ended FY23. During FY22, company raised funds through equity share capital of around Rs. 250 crore including share premium and repaid the external borrowings which led to increase in net worth base to Rs.243.80 crore as on March 31, 2022 from Rs. (11.71) crore as on March 31, 2021. Therefore, capital structure improved and remained comfortable. Going forward, company does not any plan to avail external debt. However, SIPL and EIIL have jointly extended corporate guarantee to the bank facilities availed by the SPV to the tune of Rs.514 crore.

#### Liquidity: Stretched

Liquidity position of the company remained stretched due to elongated debtors and inventory period, as majority of the funds are blocked in debtors resulting in high collection period of 320 days in FY23 vis-à-vis Rs. 231 days in FY22. Further inventory days also remained high at 173 days in FY23 vis-à-vis 320 days in FY22. This, coupled with other current assets in the form of advances to suppliers and deposits also remained high which led to gross current assets period of 1170 days in FY23 vis-à-vis 1473 in FY22. High working capital requirement is majorly funded through shareholders' funds infused in FY22 and partially by creditors. However, company's creditors remained low which resulted in average creditors' period of 58 days in FY23 vis-à-vis 48 days in FY22. Considering all the above, operation of the company remained highly working capital intensive. SIPL also has low free cash and bank balance of Rs. 0.12 crore as on March 31, 2023 and Rs. 0.37 crore as on November 30, 2023. Further company has equity commitments of Rs. 116.18 crore in FY25 in its SPVs for HAM projects which will be funded through the same debtor's recovery going forward.

#### Analytical approach: Standalone

#### Outlook: Stable

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

#### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Issuer Ratings](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

#### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Shreesomnidhi Infrsolutions Private Limited (SIPL) was established as a private limited company in 2018 is engaged in civil construction and maintenance of roads and bridges. SIPL primarily works as sub-contractor for private civil construction companies. It has its registered office situated in Pune.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	8MFY24 (Prov.)
Total operating income	62.49	83.62	53.81
PBILDT	3.34	-1.53	-0.74
PAT	5.50	4.82	-
Overall gearing (times)	0.00	0.00	-
Interest coverage (times)	2,373.88	-1,266.06	-

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

**Status of non-cooperation with previous CRA:** Not Applicable

**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 instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE B; Stable; ISSUER NOT COOPERATING*

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

#### 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE B; Stable; ISSUER NOT COOPERATING*	1)CARE B; Stable (10-May-24) 2)CARE B; Stable (12-Apr-24)	-	-	-

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

LT: Long term; ST: Short term; 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	Issuer Rating-Issuer Ratings	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](mailto:care@careedge.in) for clarifications.

## Contact us

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### About us:

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### Disclaimer:

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