

PRESS RELEASE

MAHAVIR SHREE INTERNATIONAL PRIVATE LIMITED

March 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	63.19 (enhanced from 30.00)	IRN BB-	Reaffirmed
Short Term Bank Facilities	580.00 (enhanced from 340.00)	IRN A4	Reaffirmed
Long Term/Short Term Bank Facilities	1,050.00 (enhanced from 950.00)	IRN BB-/A4	Reaffirmed
TOTAL	1,693.19		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed rating of IRN BB- (Double B Minus) to the long term bank facilities of NPR 63.19 Mn, rating of IRN A4 (A Four) to the short term bank facilities of NPR 580.00 Mn and rating of IRN BB-/A4 (Double B Minus/A Four) to the long term/short term bank facilities of NPR 1,050.00 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to bank facilities of Mahavir Shree International Private Limited (MSIPL) continue to derive strength from its prudent capital structure (Overall gearing ratio excluding mobilization advance of 1.07x in FY25 vis-à-vis 1.50x in FY24) and adequate coverage indicator (Interest coverage ratio of 2.26x in FY25 vis-à-vis 2.99x in FY24) owing to lower utilization of working capital borrowings. The ratings also continue to factor in stable financial performance characterized by continuous healthy accretion of profit to reserves. The ratings also continue to take strength from MSIPL's experienced directors and management team in the field of construction along with long track record of operations and moderate counter-party risk given its primary customers being CAAN and NEA-both government backed public entities.

These rating strengths, however, are constrained by MSIPL's working capital intensive nature of business as exhibited by higher working capital intensity (~60% of FY25 vis-à-vis ~51% in FY24) driven by elevated average collection period and inventory period owing to reduction in scale of operations owing to lower project volume amidst budget restrictions stemming from general economic slowdown in Nepalese market. The ratings also factor in modest order book position of NPR 624 Mn which is 0.52x the operating income of FY25 and existence in a competitive construction sector. Furthermore, the ratings also factor the MSIPL's susceptibility to interest rate volatility, regulatory risk, exposure to project execution risks and relatively small scale of operations. Going forward, the ability of the company to increase its order book position, successfully execute current projects in hand and timely realization of the contract proceeds while scaling up operations will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced directors and management team with long track record of operations

MSIPL is headed by Mr. Shiv Prakash Khemka, the Managing Director, who brings over 32 years of experience across various industries. He oversees the Board of Directors, strategic decision-making, and overall operations of the company. Supporting him is Mr. Parikshit Khemka, Director, with over 32 years of expertise in operations management, engineering, and strategic planning. The Board is further strengthened by an experienced team managing various functions and departments. With a

robust operational history spanning over three decades since its establishment in 1994, MSIPL has built a strong foundation in its industry.

Moderate counterparty Risk

MSIPL's revenue is majorly generated via contracts from government departments for work related to aviation and energy sectors. MSIPL is exposed to moderate counter party payment risk pertaining to its key employers, Civil Aviation Authority of Nepal (CAAN) and Nepal Electricity Authority (NEA). The counter party payment risk is moderated by the fact that, its major customers are fully owned by government of Nepal, and generating positive gross cash accruals. Counter party risk remains moderate given the projects are from government departments.

Moderate Financial performance

MSIPL's financial profile remained moderate, with a notable improvement in FY24 followed by moderation in FY25, although performance in FY25 continued to remain stronger than earlier years. Total Operating Income (TOI) declined by ~11% to ~NPR 1,201 Mn in FY25 from ~NPR 1,348 Mn in FY24 (FY23: ~NPR 1,113 Mn). Profitability improved significantly in FY24, with PAT increasing to NPR 60 Mn from NPR 18 Mn in FY23; however, it moderated to NPR 40 Mn in FY25. Consequently, the PAT margin improved to ~4.48% in FY24 from ~1.65% in FY23 before easing to ~3.32% in FY25. Similarly, Gross Cash Accruals (GCA) rose sharply to ~NPR 73 Mn in FY24 from NPR 29 Mn in FY23 and subsequently moderated to ~NPR 50 Mn in FY25. Overall, while FY25 reflects some moderation compared to the peak performance in FY24, MSIPL's financial metrics remain stronger than those observed in FY23 and earlier periods. The ability of company to improve profitability margins, coverage & capitalization indicator remains a key monitorable.

Moderate capital structure and debt service coverage indicators

MSIPL's capital structure improved in FY25, primarily driven by a reduction in short-term borrowings amid a lower scale of operations. The overall gearing ratio (excluding mobilization advances) improved to 1.07x as of mid-July 2025 compared to 1.50x at the end of FY24 and 1.48x in FY23. Similarly, the Total Debt/GCA ratio improved significantly to 7.98x in FY24 from 19.04x in FY23, before moderating slightly to 9.08x in FY25. Coverage indicators also remain adequate in FY25, with the interest coverage ratio at 2.26x (FY24: 2.99x) and the DSCR at 2.02x (FY24: 2.41x), supported by reduced borrowing levels. The ability of management to improve its capital structure and maintain its coverage indicators while expanding scale of operations remains key rating monitorable.

Key Rating Weaknesses

Modest and concentrated order book position

The order in hand remains modest and concentrated as of Mid-February 2026. As of Mid-February 2026, MSIPL has 27 ongoing projects with contract value of NPR 910 Mn and outstanding contract value of NPR 624 Mn which is 0.52x the operating income of FY25. The order in hand remains entirely concentrated towards projects belonging to NEA and CAAN. The order book of the company reflects mid-term revenue visibility as majority of projects (in terms of revenue) are in the initial phase and the are expected to completed within more than a year. The ability of the company to increase its order book and execute project in hands on timely manner will remain crucial.

Working Capital intensive nature of business

The operations of the company are generally working capital intensive in nature marked by high collection period and inventory holding period. The inventory holding days remains at 77 days in FY25 from 69 days in FY24 and 92 days in FY23. The average collection period though shortened by a month still remains at around 4 months in FY25 and FY24 from 153 days in FY23. The working capital intensity remains high at ~60% in FY25 vis-à-vis ~51% in FY24 and ~59% in FY23. The average collection period of the company is quite high due to delayed receipt of payments from employer. However, the risk of default remains low as MSIPL's key debtors, CAAN and NEA, are government-

backed entities. Consequently, the company's operating cycle extended to 157 days in FY25, increasing from 137 days in FY24 whilst reducing from 162 days in FY23. Despite this, MSIPL benefits from mobilization advances of up to 10% from employers, providing some relief in managing its working capital requirements.

Absence of escalation clause in majority of the contracts

MSIPL procures electrical equipment from a mix of local and international vendors and is typically responsible for the procurement, delivery, installation, testing, and commissioning of projects. The prices of electrical equipment are subject to volatility due to fluctuations in demand and supply conditions, as well as changes in the cost of components and raw materials. However, MSIPL's standard contracts with CAAN and NEA do not include escalation clauses, requiring the company to complete projects within the initially agreed bid amount. This exposes MSIPL to significant risk, as any material increase in costs could adversely impact its profitability and project execution capabilities.

Existence in a competitive industry and exposure to Government regulations

The construction sector of Nepal is highly competitive with presence of large number of contractors and the contractors are subject to a competitive bidding process to secure the work from governmental agencies. Furthermore, the business also remains dependent on stability in government policies/ fiscal policies and GoN's capital expenditure which has slowed down in the latest years. Thus, MSIPL's ability to obtain new projects while maintaining profit margins remains crucial. MSIPL's business model has some inherent risk and the projects are susceptible to delays in procedural approvals, site clearances and other operational issues exposing the company to the risk of delay in project execution leading to delays in the realization of revenues.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Mahavir Shree International Private Limited (MSIPL) is incorporated on January 05, 1994 and has obtained "D" class construction license from Kathmandu Metropolitan on May 03, 2024. The registered office of the company is located at KMC-09, Sinamangal, Kathmandu. In addition to working on projects individually, MSIPL also forms joint ventures (JVs) in order to meet the requirements for participating in various projects related to aviation and energy sectors. The company is equally owned by Mr. Shiv Prakash Khemka (50%) and Mr. Parikshit Khemka (50%) as on Mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY22 [#]	FY23 [#]	FY24	FY25
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	1,240	1,113	1,348	1,201
EBITDA Margin (%)	4.49	7.71	10.64	8.75
Interest Coverage Ratio (x)	2.36	1.67	2.99	2.26
Total Debt/EBITDA (x)	8.72	6.43	4.06	4.31
Current Ratio (x)	1.48	1.56	1.49	1.71
Overall Gearing Ratio (x)	1.40	1.48	1.50	1.07
Working Capital Intensity (%)	53.98	59.40	51.42	59.81

*Classification as per Infomerics Nepal standards

MSIPL had carried out first time adoption of Nepal Financial Reporting Standard (NFRS) from FY24 onwards resulting which the financial metrics for FY22 and FY23 has changed according to "NFRS 1-First Time Adoption of NFRS"

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities-Term Loan	Long Term	63.19	IRN BB-
Fund Based Bank Facilities-Working Capital (WCL)	Short Term	580.00	IRN A4
Non Fund Based Bank Facilities-LC/BG ¹	Long Term/ Short Term	1,050.00	IRN BB- /A4
Total Facilities		1,693.19	

¹Letter of Credit/Bank Guarantee

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About Infomerics Credit Rating Nepal Limited:

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