

August 29, 2025

Neev Energy LLP: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term – Fund Based – Cash Credit	13.00	13.00	[ICRA]BB+ (Stable); reaffirmed
Short Term – Non-fund Based	42.00	42.00	[ICRA]A4+; reaffirmed
Total	55.00	55.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation of Neev Energy LLP (NEL) reflects ICRA's expectation that the company will continue to benefit from its execution track record in manufacturing, installation, operations and maintenance (O&M) of smart LED lighting projects. NEL has strong outstanding order books in hand as on March 31, 2025 mainly from counterparties such as urban local bodies (ULBs), smart city projects and private players, which lend healthy revenue visibility in the near-to-medium term. The ratings further factor in the healthy demand outlook in this sector, which may lead to sustained order inflow. The ratings also consider the healthy net worth of NEL, supported by the equity infusion in the past, leading to limited debt, and subsequently, comfortable debt coverage metrics.

However, the ratings are constrained by NEL's high working capital intensity due to high receivable days, including sizeable amount pending beyond six months. Timely recovery of the same will be a key rating monitorable, going forward. The ratings also remain exposed to execution risk as the projects remain vulnerable to client-side delays, which can further lead to adverse impact on the earnings. The firm is also exposed to the obsolescence risk, and needs to keep upgrading its capabilities to remain competitive in the technology space.

The Stable outlook on the [ICRA]BB+ rating reflects ICRA's opinion that NEL will benefit from the healthy demand potential in the segment and its ability to generate consistent orders from ULBs and smart city projects, leveraging its execution track record and other ancillary technical services.

Key rating drivers and their description

Credit strengths

Strong demand of industrial and outdoor smart lighting, aided by strong order book position – NEL benefits from the robust and growing demand for smart lighting solutions, particularly in the industrial and outdoor segments. Over the past three to four years, this demand has been primarily driven by urban local bodies (ULBs) and smart city initiatives. The outlook remains favourable, supported by the increasing shift of ULBs towards replacing conventional lighting systems with energy-efficient smart LED alternatives. This is further aided by the company's strong revenue visibility, backed by an outstanding order book of approximately Rs. 212 crore as on March 31, 2025 from the street lighting segment, which is more than 3.5 times of its revenues in FY2025.

Healthy track record of project execution – The company has consistently completed projects as per timelines in the street lighting segment, which led to repeat orders and long-term contracts. The pending orders are expected to be executed over

the next two years and include O&M components, which span five to seven years and constitute 15-20% of the total project value.

Comfortable leverage indicators and debt metrics – As on March 31, 2025, the company reported a tangible net worth of approximately Rs. 86.5 crore, supported by timely capital infusion from the promoters as and when required. The total long-term debt stood at Rs. 4.4 crore, resulting in a gearing of 0.2 times, which reflects a conservative capital structure. Further, the company's debt protection metrics remain adequate, with an interest coverage ratio of 3.1 times and Total Debt/OPBDITA of 3.3 times in FY2025.

Credit challenges

Declining profitability; improvement expected in FY2026 – NEL's operating profit margins remained modest at around 7.5% in FY2025 (provisional), broadly in line with FY2024 levels. A recovery was anticipated in FY2025 following the decline in FY2023 and FY2024, which was primarily on account of a change in revenue recognition accounting. Despite normalisation in profitability in the street lighting segment, where margins improved, the overall profitability remained stagnant. This was largely due to execution of a high value project in the internet of things (IoT) and smart applications segment at much lower margins, which adversely impacted the company's overall profitability.

Long working capital cycle owing to high receivable period – The company's receivable cycle remains elongated, primarily due to its billing pattern, which is skewed towards the last quarter of the fiscal. This is driven by the nature of certain projects, where material is progressively aggregated at the site, while execution and corresponding billing are concentrated in the final quarter. However, the receivable position is expected to improve, going forward, as the company intends to spread out its billing more evenly in FY2026. The company has substantial receivables of more than six months as of March 2025. Reduction in receivables days and timely recovery of aged debtors will remain key rating sensitivities.

Risk of technological obsolescence – NEL operates in a technology-intensive segment, manufacturing smart LED lighting solutions that are subject to frequent technological advancements. Consequently, the company is required to undertake regular investments in technology upgradation to remain competitive. ICRA notes that NEL's established technological and execution capabilities continue to support its ability to secure projects with comfortable margins.

Liquidity position: Adequate

NEL's liquidity profile is adequate owing to free cash and bank balances of Rs. 4-5 crore on an average and around Rs. 2 crore buffer in cash credit limit as of May 2025. The average working capital utilisation stood at around 85% for the 15-month period ending in May 2025. Further, liquidity is supported by absence of major long-term debt repayment liabilities amid negligible capex plans. While the receivables continue to remain high, timely funding support from investors towards managing working capital cycle lends comfort.

Rating sensitivities

Positive factors – ICRA could upgrade NEL's ratings if there is a sustained improvement in its revenues and profitability, leading to an improvement in the overall working capital position.

Negative factors – Pressure on NEL's ratings could arise if there is a substantial decline in revenues and profitability, weakening the debt coverage metrics on a sustained basis. Further deterioration in the working capital cycle, impacting the company's liquidity position may also trigger ratings downgrade. An interest coverage ratio of less than 2.5 times, on a sustained basis, may also trigger ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial of NEL

About the company

NEL was incorporated in 2010 and commenced operations from 2012. The entity is involved in smart and sustainable solutions for industries and cities using lighting, IoT hardware and smart management platforms. Its registered office is in Delhi. NEL has positioned itself as a smart industrial and street lighting solutions provider and became a comprehensive (supply and O&M) solution provider to private and Government players. Mr. Jitendra Guha, its Partner and CEO, looks after its day-to-day operations. NEL is ISO 9001:2015 certified by the British Standards Institute. The company has been receiving consistent investment from its key investor, Eden Ventures, which holds around 80% stake in NEL.

Key financial indicators

	FY2024	FY2025*
Operating income	58.3	65.8
PAT	1.9	2.9
OPBDIT/OI	8.1%	7.5%
PAT/OI	3.3%	4.4%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDIT (times)	3.5	3.3
Interest coverage (times)	2.2	3.1

Source: Company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore, *-Provisional numbers

Status of non-cooperation with previous CRA: CRISIL has continued the ratings (CRISIL B+/Stable/A4 ISSUER NOT COOPERATING) in the Issuer Not Cooperating category due to non-receipt of information, as per its rating rationale published on June 11, 2024

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs crore)	Aug 29, 2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	13.00	[ICRA]BB+ (Stable)	May 15, 2024	[ICRA]BB+ (Stable)	Mar 28, 2024	[ICRA]BB+ (Stable)	Dec 30, 2022	[ICRA]BB+ (Stable)
LC/BG*	Short Term	42.00	[ICRA]A4+	May 15, 2024	[ICRA]A4+	Mar 28, 2024	[ICRA]A4+	-	-

Unallocated	Long Term/Short Term			-	-			Dec 30, 2022	[ICRA]BB+ (Stable)/ [ICRA]A4+
Bank Guarantee	Short Term			-	-			Dec 30, 2022	[ICRA]A4+
Letter of Credit	Short Term			-	-			Dec 30, 2022	[ICRA]A4+

Source: Company, *letter of credit/bank guarantee

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund based – Cash Credit	Simple
Short-term – Non-fund Based - Letter of Credit/Bank Guarantee	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	13.00	[ICRA]BB+ (Stable)
NA	Letter of Credit/ Bank Guarantee	NA	NA	NA	42.00	[ICRA]A4+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis - Not applicable

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Branches



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