



Press Release
SN ENVIRO TECH PRIVATE LIMITED
July 01, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.97	ACUITE B Stable Assigned	-
Bank Loan Ratings	42.03	-	ACUITE A4 Assigned
Total Outstanding Quantum (Rs. Cr)	47.00	-	-

Rating Rationale

Acuite has assigned its long-term rating as '**ACUITE B**' (read as **ACUITE B**) and short-term ratings as '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 47.00 Cr. bank facilities of SN Enviro Tech Private Limited. The outlook is at '**Stable**'.

Rationale for rating assigned

The rating assigned reflects the track record and experience of the management in the EPC industry leading to scale of operations. The rating gets comfort from financial risk profile and healthy order book of the company. However, the rating is constraint from declining operations, profitability, intensive working capital operations and poor liquidity profile of the company.

About the Company

Delhi Based, SN Enviro Tech Private Limited was incorporated in 2005. The company is engaged in providing services in environmental activities, especially EPC of STP (Sewerage Treatment Plant) and WTP (Waste Water Treatment Plant) across India. Mr. Abhishek Nandy and Ms. Pankhuri Mukim Nandy are directors of this company.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has taken standalone financial and business risk profile of SN Enviro Tech Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Established Management

The decade-long experience of the promoters in the civil construction business, their understanding of local market dynamics and healthy relationships with suppliers and customers has helped the company withstand industry cycles. Also, the operations are geographically diversified across Assam, West Bengal, Rajasthan, Bihar and Uttarakhand with largely stable scale.

Financial Risk Profile

The company has below average risk profile marked by moderate net worth, comfortable gearing and moderate coverage indicators. The tangible net worth of the company stood at

Rs. 52.43 Cr. as on March 2024(prov.) against Rs. 49.40 Cr. a year earlier. The company follows conservative leverage policy. Debt to Equity ratio improved by 22 bps and stood at 0.40 times in FY 24 (Prov.) as against 0.62 times in FY 23. The total outside liabilities to total net worth (TOL/TNW) stood at 0.99 times as on FY 24 (prov.) against 1.23 times as on FY 23.

Weaknesses

Declining Scale of Operations & Profitability

The company's operations have been declining from past years. The revenue from operations declined by 10.16% in FY 24 (prov.) thereby reducing the topline from Rs. 51.08 Cr. in FY 23 to Rs. 45.89 Cr. EBIDTA & PAT reduced from Rs. 6.56 & Rs. 2.89 Cr. in FY 23 to Rs. 6.48 & 2.74 Cr. in FY 23-24 (Prov.) respectively. There has been delay in allotment of land for piping and subsequently affected the turnover.

Working Capital Intensive Operations

The company's operations are working capital intensive marked by GCA days of 380 in FY 2024 as against 360 days in FY 23. Elongated GCA days is a result of increased debtors & creditor days. Debtor days has increased from 233 days in FY 23 to 237 days in FY 24(Prov.). Credit days reduced from 415 days in FY 23 to 325 days in FY 24 (Prov.).

Rating Sensitivities

- Increase in scale of operations with improvement in profitability.
- Improvement in liquidity profile of the company.

Liquidity Position

Poor

The company has poor liquidity marked by net cash accruals to its maturing debt obligations, current ratio, cash and bank balance. The company generated the net cash accruals of Rs. 3.37 Cr. for FY24(Prov.) as against the debt repayment obligations of Rs. 1.71 Cr. The current ratio of the company stood at 1.56 times as on 31 March 2024(Prov.). Cash and Bank Balances of company stood at Rs. 0.45 crore. The utilization of fund-based limits for seven months ending April 2024 is 104.70%. The company has been devolving LC on the regular basis which impacting the poor liquidity. Debt Protection Matrix (i.e. DSCR & ISCR) stood at 1.34 & 2.42 times in FY 24 (Prov.).

Outlook - Stable

Acuite believes that the company will maintain a 'Stable' outlook and benefit over the medium term from its experienced management. The outlook may be revised to 'Positive', if the firm achieves more than expected growth in terms of revenue and profitability. The outlook would be revised to negative, if there is decline in financial performance of the company.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	45.89	51.08
PAT	Rs. Cr.	2.74	2.89
PAT Margin	(%)	5.97	5.66
Total Debt/Tangible Net Worth	Times	0.40	0.62
PBDIT/Interest	Times	2.42	2.30

Status of non-cooperation with previous CRA (if applicable)

Crisil, vide its press release dated March 28, 2024 had denoted the rating to SN Enviro Tech Private Limited as Long-term to CRISIL D and short-term to CRISIL D (Issuer Not Cooperating)' on the account of non-availability of the requisite information.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History :

Not Applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	42.03	ACUITE A4 Assigned
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.50	ACUITE B Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.47	ACUITE B Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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