



Press Release
SANDEEP ENTERPRISES
March 28, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	65.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	65.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 65 Cr. bank facilities for Sandeep Enterprises. The outlook is '**Stable**'.

Rationale for Rating

The rating takes into cognizance experienced management along with strong clientele base, improving revenues albeit operating profitability, moderate working capital cycle, adequate liquidity; however, these strengths are partly offset by average financial risk profile

About the Company

Gujarat – Based, Sandeep Enterprises was formed in 2006. The firm is engaged in integrated infrastructure service provider working into material handling, along with operation and maintenance (O&M) services for Government power plants, bulk cargo handling and mining activity.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile to arrive at the rating of Sandeep Enterprises.

Key Rating Drivers

Strengths

Benefits derived from experienced promoters along with strong clientele base

The partners of the firm are Mr. Sandeep Agrawal, Mr. Saurabh Agrawal, Mr. Mahadev Prasad Agrawal, Mr. Premlata Agrawal and Mr. Reena Agrawal and have experience of over a decade. Over the years, the firm has been able to build a strong clientele base with the likes of JSW Steel Limited, Hindalco Industries Limited, NLC India Limited, NTPL Thermal Power Plant among others. The firm also endeavours to provide end-to-end infrastructure service facility with a majority of the revenues being contributed by material handling. Acuite believes that the experience of the partners and strong clientele base will benefit the business risk profile of the firm going forward.

Improvement in Revenues albeit decline in operating profitability

The revenues of the firm increased to Rs. 192.18 Cr. as on March 31, 2024 as compared to Rs. 99.72 Cr. due to completion of orders in FY 23-24. The operating profitability has declined to 12.79 percent as on March 31, 2024 as compared to 16.49 percent as on March 31, 2023 on account of increase in fixed establishment costs. The unexecuted order book position of the firm stands at Rs. 215.79 Cr. as on January 2025 to be completed within 4-

6 years providing revenue visibility to the firm.

Moderate Working Capital Cycle

The operations of the firm have a moderate working capital requirement as reflected from Gross Current Assets of 107 days as on March 31, 2024 compared to 117 days as on March 31, 2023. The inventory days are nil as on March 31, 2024 as compared to 13 days as on March 31, 2023. The debtor days stood at 85 days as on March 31, 2024 as compared to 71 days as on March 31, 2023. The creditor days stood at 169 days as on March 31, 2024. Acuite believes that working capital requirements are expected to remain moderate in the near to medium term.

Weaknesses

Average Financial risk profile with below average capital structure

The financial risk profile of the firm is average marked by comfortable net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth stood at Rs. 22.26 Cr. as on March 31, 2024 as compared to Rs. 10.40 Cr. as on March 31, 2023 due to infusion of capital and accretion of profits. Gearing stood at 2.95 times as on March 31, 2024 compared to 4.21 times in FY2023. The interest coverage ratio stood at 5.53 times as on March 31, 2024 compared to 5.63 times as on March 31, 2023. The debt service coverage ratio stood stable at 5.53 times as on March 31, 2024 as compared to 5.63 times as on March 31, 2023. The TOL/TNW stood at 4.55 times as on March 31, 2024 as compared to 6.51 times as on March 31, 2023. Acuite believes that the firm's financial risk profile will remain average over the medium term backed by steady cash accruals but skewed capital structure and absence of major debt funded capex plans.

Rating Sensitivities

Movement in revenues and operating profitability

Working capital cycle

Timely execution of work orders

Liquidity Position

Adequate

The liquidity is adequate marked by steady net cash accruals of Rs. 20.40 Cr. as on March 31, 2024 and expected cash accruals of Rs. 25.85 Cr. as against long term debt repayment expected to be Rs. 21 Cr for FY 25. The cash and bank balances stood at Rs. 3.41 Cr. as on March 31, 2024 as compared to Rs. 0.81 Cr. as on March 31, 2023. The current ratio stood at 1.07 times as on March 31, 2024 as compared to 1.50 times as on March 31, 2023. Acuite believes that going forward the liquidity position of the firm will remain adequate in the near to medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	192.18	99.72
PAT	Rs. Cr.	4.62	2.68
PAT Margin	(%)	2.40	2.68
Total Debt/Tangible Net Worth	Times	2.95	4.21
PBDIT/Interest	Times	5.53	5.63

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

BWR, vide its press release dated March 4th, 2025 had denoted the rating of Sandeep Enterprises as BWR C/ A4 'Reaffirmed and Issuer not co-operating'.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

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, Acuité 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	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE BB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	24 Nov 2023	Not avl. / Not appl.	29 Aug 2028	15.00	Simple	ACUITE BB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	31 Jan 2024	Not avl. / Not appl.	30 Sep 2028	5.00	Simple	ACUITE BB+ Stable Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Vedika Lahoti Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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