

NYG Energy Solutions Private Limited

May 05, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	3.00	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	5.00	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	8.00 (Rs. Eight Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 24, 2020 placed the ratings of NYG Energy Solutions Private Limited (NYGESPL) under the 'issuer non-cooperating' category as NYGESPL had failed to provide information for monitoring of the rating. NYGESPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated February 07, 2021, February 17, 2021, February 27, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further banker could not be contacted.

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

The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by NYGESPL with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the ratings continue to remain constrained owing to small, though fluctuating, scale of operations with low net worth base, weak financial risk profile, elongated Operating Cycle and competitive nature of industry.

The ratings, however, continue to take comfort from qualified Management with relevant experience and healthy order book position.

Detailed description of the key rating drivers

At the time of last rating on March 24, 2020 the following were the rating weaknesses and strengths:

Detailed description of the key rating drivers

Key Rating Weaknesses

Small, though fluctuating, scale of operations with low net worth base

The scale of operations continues to remain small marked by a total operating income and gross cash accruals of Rs. 10.01 crore and Rs.0.26 crore in FY20 as against Rs. 8.07 crore and Rs.0.22 crore in FY19. Additionally, company's net worth bases stood low at Rs. 1.33 crore on March 31, 2020. The small scale limits the company's financial flexibility in times of stress.

Weak financial risk profile

The overall gearing ratio stood at 1.52x as on March 31, 2020 as against 2.00x as on March 31, 2019. The profitability margins of the company remained weak for FY20 as marked by PBILDT and PAT margin of 7.11% and 1.86%, respectively, in FY20 as against 7.56% and 1.98% in FY19. Deterioration in the PBILDT margin was on account of orders executed with lesser profitability margins by the company. The debt service coverage indicators stood weak as marked by interest coverage ratio and gross cash accruals of 1.97x and 7.72x respectively for FY20 on account of lower profitability margins.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Elongated Operating Cycle

The operating cycle of the company stood elongated at 92 days for FY20. The company raises bills after the completion of work contract and receives the payment in around 6 months. However, the company's customer base is majorly government entities, where in the payments get delayed owing to procedural delays. The collection period stood at 116 days for FY20. The company makes payment to the creditors as and when the payment against the order is received from the client/customers. Hence, the creditors' period stood at 24 days for FY20. The procurement remains majority contract backed. Therefore, the company has inventory mainly regarding under execution work contracts.

Competitive nature of industry

The company provides the services to various government authorities wherein it faces direct competition from various established players in the industry. With presence of various players, the same can limit bargaining power which exerts pressure on its margin.

Key Rating Strengths

Qualified Management with relevant experience

The company is managed by Mr. Amit Goel and Mr. Yashdeep Goyal. Mr. Amit Goel is a post graduate by qualification and has an experience of around 1-2 decade through his association with this entity and previous relevant experience in the similar industry. Mr. Yashdeep Goyal is a post graduate by qualification and has an experience of around eight years through his association with this entity. They are assisted by other family members and qualified management team in managing the overall operations of the company.

Healthy order book position

The unexecuted order book of the company as on February 28, 2019 stood at Rs.28.28 crore. Any unfavorable changes in their contracts allocation policies would have a direct bearing on the company's revenue growth and profitability. However, CARE will not comment on the current orderbook position as NYGESPL is non-co-operative.

Analytical Approach: Standalone

Applicable criteria

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Criteria for Short Term Instruments](#)

[CARE's Methodology for Service Sector Companies](#)

About the Firm

Gurgaon, Haryana based NYG Energy Solutions Private Limited (NYG) is a company which was incorporated in 2011 by Mr. Amit Goel, Mr. Yashdeep Goyal and Mrs. Nidhi Goel.

NYG is engaged in IT Software development services and field services. It provides on-the-spot reading and billing of customers' electricity bill through their mobile or server application which facilitates easy payment for the customers. As and when the order of a particular area is received, the company gets customers details of that particular area to their area managers who generate electricity bill on the spot which is uploaded on the government website through which the customers can make payment easily.

Non BFSI

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	8.07	10.01
PBILDT	0.61	0.71
PAT	0.16	0.19
Overall gearing (times)	2.00	1.52
Interest coverage (times)	1.84	1.97

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	3.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	-	-	-	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Mar-20) 2)CARE B; Stable (30-Apr-19)	-
2.	Fund-based - LT-Cash Credit	LT	3.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Mar-20) 2)CARE B; Stable (30-Apr-19)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Mar-20) 2)CARE A4 (30-Apr-19)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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