

Envirad Projects Private Limited (Revised)

February 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	4.90	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	30.10	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) has been seeking information from Envirad Projects Private Limited (EPPL) to monitor the rating(s) vide e-mail communications dated February 20, 2025; February 11, 2025; and January 03, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The ratings on Envirad Projects Private Limited bank facilities will now be denoted as CARE BB-; Stable/ CARE A4; ISSUER NOT COOPERATING*.

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

The ratings have been revised on account of the non-availability of requisite information due to non-cooperation by Envirad Projects Private Limited with CARE Ratings Ltd.'s efforts to undertake a review of the ratings outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings assigned to the bank facilities of EPPL remain constrained on account of modest scale of operations, moderate and geographically concentrated order book position, competition from organized and small/midsized unorganized players along with business risk associated with tender-based orders. The ratings, however, consider & derive strength from improvement in scale of operations during FY24 (refers to the period April 01 to March 31), comfortable financial risk profile, improvement in operating cycle, experienced promoters with long track record of the operations and adequate liquidity position.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers: At the time of last rating on May 30, 2024, the following were the ratings weaknesses and strengths (updated for financials for FY24 available from Ministry of Corporate Affairs).

Key weaknesses

Modest scale of operations albeit significant improvement during FY24: The company is involved in executing Sewage treatment contracts majorly municipal corporation projects in Uttar Pradesh. The ability of the company, to scale up to larger-sized contracts having better operating margins is constrained by its comparatively moderate network base of Rs. 55.40 crores as on March 31, 2024. Although, total operating income of the company significantly increased to Rs 96.27 crore in FY24 as against Rs. 46.31 crores during FY23 on account of better execution of the projects. The modest scale of operations in a fragmented industry limits the pricing power and restrict the company to benefit through economies of scale.

The company majorly undertakes state government projects, which are awarded through the tender-based system. The projects are highly competitive and involve aggressive bidding which impacts the profitability margins. The company has generated PBILDT margin of 8.11% during FY24, as against 7.62% in the previous fiscal year. Whereas the PAT margin stood at 6.46% during FY24 supported by non-operating income majorly in form of interest income on FDR of Rs. 1.70 crore.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Moderate and geographically concentrated order book position: EPPL has an unexecuted order book position of Rs. 679.69 crore which is around 7.06x of the TOI during FY24. The tenor of the contracts remains in the range of 4-5 years & last execution is by March 2029, thus reflecting moderate revenue visibility over the medium term. Also, the present unexecuted order book is concentrated towards local municipal corporations in the state of Uttar Pradesh. Thus, the company is exposed to risk of any unfavourable changes in the policies towards award of new contracts. Further, effective, and timely execution of the orders has a direct bearing on the total income and margins of the company.

Highly competitive industry with business risk associated with tender-based orders: EPPL operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market which has limited the bargaining power of the company and has exerted pressure on its margins. The availability and retention of skilled manpower has also become a major challenge. EPPL receives majority of its work orders from government departments. The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large. Further, any changes in the government policy or government spending on projects are likely to affect the revenues of the company. Furthermore, the government projects are awarded through the tender-based system. This exposes the company towards risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

Key strengths

Comfortable Financial Risk Profile: The capital structure of the company is comfortable; Since, the company doesn't have any long-term debt nor it has any outstanding fund based working capital limits from the bank. Further, networth base of the company stands moderate at Rs. 55.40 crore as on March 31, 2024, which is expected to improve with annual accretion of profit to reserve.

Improvement in operating cycle: Operating cycle of the company has significantly improved at 67 days in FY24 compared to 171 days in FY23. The improvement was majorly on account of timely realization from receivables as evident from reduction in collection period 64 days in FY24 compared to 175 days in FY23. The company's ability to maintain its working capital requirements will remain a key monitorable.

Experienced promoters and technically qualified team: The company is promoted by Mr. Sudhir Tyagi and Mr. Dinesh Tyagi. Both the directors are engineer by qualification and has around four decades of experience with this entity in EPC of water, sewage and industrial effluent treatment plants on turnkey basis. Both look after day-to-day operations of the company. Moreover, the company has well qualified and experienced engineers along with supervisory staff supporting the operations of the company.

Liquidity: Adequate

The liquidity of the company is adequate marked by nil repayment obligations & nil utilization of fund-based limits. The company has unencumbered cash and bank balance of Rs 3.77 crore as on March 31, 2024. Further, the company has free FDR, equity & mutual fund investment of Rs. 27.00 crores as on March 31, 2024.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Kanpur (Uttar Pradesh) based, EPPL was incorporated in 1988 by Mr. Sudhir Tyagi and Mr. Dinesh Joshi. The company undertakes EPC contracts for setting up water treatment, sewage treatment and industrial effluents treatment plants, machinery and equipment on turnkey basis. EPPL has completed more than 100 turnkey projects since its inception for various state corporations, Bharat Heavy Electricals Ltd. (BHEL), Uttar Pradesh Jal Nigam, National Thermal Power Corporation Limited, Rajasthan Urban Infrastructure Development Project (Govt. of Rajasthan) and Indian Railways.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	32.91	46.31	96.27
PBILDT	2.76	3.53	7.80
PAT	2.00	3.51	6.22
Overall gearing (times)	0.00	0.00	0.00
Interest coverage (times)	9.89	9.89	10.87

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has placed the rating assigned to the bank facilities of Envirad Projects Private Limited into Issuer Not Cooperating category vide their press release dated August 16, 2024, on account of Non submission of the requisite information needed to conduct the rating exercise.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	-	-	-	-	4.90	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee	-	-	-	-	30.10	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based/Non-fund-based-LT/ST	LT/ST	4.90	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB; Stable / CARE A4+ (05-Jun-24)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (21-Mar-24)	1)CARE BB-; Stable / CARE A4 (30-Mar-23)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (06-Jan-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	30.10	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB; Stable / CARE A4+ (05-Jun-24)	1)CARE A4; ISSUER NOT COOPERATING* (21-Mar-24)	1)CARE A4 (30-Mar-23)	1)CARE A4; ISSUER NOT COOPERATING* (06-Jan-22)

*Issuer did not cooperate; based on best available information.

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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Disclaimer:

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