

## NYG Energy Solutions Private limited

March 24,2020

### Ratings

Facilities	Amount (Rs. Crore)	Rating <sup>1</sup>	Remarks
Long Term Bank Facilities	3.00	<b>CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook Stable)</b>	Issuer not Cooperating; basis of best available information
Short Term Bank Facilities	5.00	<b>CARE A4; ISSUER NOT COOPERATING* (A Four)</b>	Issuer not Cooperating; basis of best available information
<b>Total</b>	<b>8.00 (Rs. Eight Crores Only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **NYG Energy Solutions Private Limited** to monitor the ratings vide e-mail communications/letters dated December 26,2019, January 15,2020, March 04,2020, March 13,2020, 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 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. The rating on **NYG Energy Solutions Private Limited** bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING\*/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 ratings.***

The rating takes into account non-availability of information due to non-cooperation by **NYG Energy Solutions Private Limited** with CARE'S efforts to undertake a review of the rating outstanding. CARE views information non-availability risk as a key factor in its assessment of credit risk.

### Detailed description of the key rating drivers

*At the time of last rating on April 30, 2019 the following were the rating weaknesses and strengths:*

### Detailed description of the key rating drivers

#### Key Rating Weakness

#### 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. 4.50 crore and Rs.0.12 crore in FY18. Additionally, company's net worth base stood low at Rs. 0.99 crore on March 31, 2018. The small scale limits the company's financial flexibility in times of stress. The scale of operations grew from Rs. 3.94 crore in FY16 to Rs. 4.50 crore in FY18 with CAGR of 6.87%. During 11MFY19 (based on provisional results) (refers to financial year from April 1 to February 28), company has reported total operating income of Rs. 7.40 crore.

#### Weak financial risk profile

The debt profile of the company as on March 31, 2018 mainly comprises of working capital borrowings of Rs.1.48 crore and unsecured loans from related parties of Rs.2.15 crore as against tangible net worth base of Rs.0.99 crore. The debtequity and overall gearing ratio stood at 2.18x and 3.67x respectively, as on March 31, 2018 as against 2.18x and 3.16x, respectively, as on March 31, 2017. The same deteriorated from March 31, 2017 on account of higher utilization of working capital borrowings. The profitability margins of the company remained weak for FY18 as marked by PBILD and PAT margin of 9.32% and 1.85%, respectively, in FY18 as against 9.06% and 2.00% in FY17. Improvement in the PBILD margin was on account of orders executed with better profitability margins by the company. The debt service coverage indicators stood

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

\*Issuer did not cooperate; Based on best available information

weak as marked by interest coverage ratio and gross cash accruals of 1.66x and 17.86x respectively for FY18 on account of lower profitability margins.

### **Elongated Operating Cycle**

The operating cycle of the company stood elongated at 128 days for FY18. 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 192 days for FY18. 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 64 days for FY18. The procurement remains majority contract backed. Therefore, the company has inventory mainly regarding under execution work contracts. The working capital limits remained 75% utilized for the last 12 months ending February, 2019.

### **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.

**Analytical approach:** Standalone

#### **Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)  
[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Financial ratios – Non-Financial Sector](#)  
[CARE's Methodology for Service Sector Companies](#)  
[Criteria for Short Term Instruments](#)

#### **About the Company**

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*

<b>Brief Financials (Rs. crore)</b>	<b>FY18 (A)</b>	<b>FY19 (A)</b>
Total operating income	4.50	8.09
PBILDT	0.42	0.63
PAT	0.08	0.16
Overall gearing (times)	3.67	2.00
Interest coverage (times)	1.66	1.89

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-Term Loan	-	-	-	0.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	3.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	0.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable on the basis of best available information	1)CARE B; Stable (30-Apr-19)	-	-	-
2.	Fund-based - LT-Cash Credit	LT	3.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable on the basis of best	1)CARE B; Stable (30-Apr-19)	-	-	-

				available information				
3.	Non-fund-based - ST-Bank Guarantees	ST	5.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE A4 (30-Apr-19)	-	-	-

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto: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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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.carerating.com](http://www.carerating.com)**