

August 27, 2025

Naik Environmental Engineers Private Limited.; Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term-Fund Based-Cash Credit	3.00	3.00	[ICRA]B+ (Stable); Reaffirmed
Long Term-Fund Based-Term Loan	1.05	1.05	[ICRA]B+ (Stable); Reaffirmed
Short Term-Non-Fund Based- Others	1.95	1.95	[ICRA]A4; Reaffirmed
Total	6.00	6.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation of Naik Environmental Engineers Private Limited (NEEPL) reflects extensive experience of its promoters, spanning over three decades in wastewater treatment industry. The ratings are further supported by healthy revenue visibility from confirmed orders from operation & maintenance (O&M) services and product sales, backed by strong order book position, which stood at Rs. 92.7 crore as on August 11, 2025. Nonetheless, timely execution of these orders remains a key monitorable.

However, the ratings are constrained by NEEPL's relatively small scale of operations, which limits its financial flexibility and ability to absorb market shocks. The company's profitability is also exposed to risks arising from fluctuations in raw material prices, which can adversely impact the company's profit margins. Moreover, NEEPL has high working capital intensity, driven by extended receivable cycles and significant inventory holding requirements. These factors can affect liquidity and operational efficiency, posing challenges to revenue growth.

The Stable outlook reflects ICRA's opinion that NEEPL's credit profile is expected to improve going forward, backed by consistent execution of orders in hand leveraging extensive experience and technical expertise of its promoters in the wastewater treatment industry.

Key rating drivers and their description

Credit strengths

Experience of promoters in wastewater management – The promoters have over three decades of experience in the water treatment industry. The company is engaged in manufacturing, supply, and installation of a wide range of wastewater treatment equipment, serving both Government bodies and private clients. The company has developed and patented its own in-house sewage treatment plants (STPs) and also offers customised solutions along with O&M services.

Revenue visibility from confirmed orders – The company has a total order book of Rs. 92.7 crore, with Rs. 20-25 crore scheduled for execution by March 2026, offering strong revenue visibility. Around 70% of the orders pertains to supply, installation, and commissioning of STPs, while the remaining 30% relates to O&M services. However, maintaining adequate liquidity will depend on timely execution and subsequent receipt of payments from customers.

Credit challenges

Small scale of operations – NEEPL has maintained a modest scale of operations over the years, with revenues in the range of Rs. 9.3-Rs. 10.0 crore during FY2021 to FY2025, except in FY2024 when it recorded higher revenue of Rs. 11.3 crore. While the company’s revenue is expected to grow with the execution of existing orders and new inflows, the overall scale is likely to remain limited. The company’s small revenue and net worth base restrict its financial flexibility and ability to absorb short-term disruptions, making it vulnerable to business downturns. Additionally, it faces intense competition from established players in the water treatment industry.

High working capital intensity of operations – The company’s operations remain highly working capital intensive, primarily due to an extended receivable cycle of 236 days and a high inventory holding period of 369 days as on March 31, 2025, driven by a lengthy manufacturing process. The company maintains 30-60 days of raw material inventory, with the remainder comprising work in progress. Although bill realisations generally occur within 60 days, clients retain 5% of the billed amount until installation, resulting in elevated receivables. These high working capital requirements continue to exert pressure on NEEPL’s liquidity.

Vulnerability of profitability to adverse fluctuations in raw material prices – The company receives product-specific orders with long execution timelines, while prices are fixed at the tender stage. In the absence of a price variation clause, NEEPL’s profit margins remain exposed to fluctuations in steel prices over the contract period. Although raw materials are generally procured immediately upon order receipt, offering some protection, profitability remains sensitive to volatility in input costs.

Liquidity position: Stretched

VE’s liquidity position remains stretched, with modest cash and bank balances and limited cushion in undrawn working capital limits as of March 2025. The company faces debt repayment obligation of Rs. 1.5 crore in FY2025, though no significant capital expenditure is planned. The company may require funding support from promoters in case of any shortfall.

Rating sensitivities

Positive factors – ICRA could upgrade NEEPL’s ratings if there is a significant growth in scale and profitability along with an improvement in working capital cycle, strengthening the overall liquidity and the financial risk profile.

Negative factors – Pressure on NEEPL’s ratings could arise if there is a sustained decline in its revenue and profitability. Further, sustained pressure on the working capital cycle, adversely impacting the liquidity, may result in ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	NA

About the company

Naik Environmental Engineers Private Limited (NEEPL), incorporated in 1990, is involved in manufacturing, supply and installation of energy-efficient water treatment solutions for wastewater treatment. Dr. Shirish Naik, Mrs. Veena Naik, Dr. Ms. Kartiki Naik, and Ms. Gauravi Naik are the Directors of the company. Dr. Shirish Naik, a PhD from IIT Bombay and a former Professor, manages the overall business. The management of the company consists of highly experienced professionals, supported by qualified technicians, engineers, and chemists. The

company has its own invented and patented product, ECO-BIOPACK, based on the rotating media bio reactor (RMBR) technology. It also specialises in rendering customised services such as consulting, engineering design, laboratory testing, equipment supply, besides standard O&M services in the environmental engineering field. NEEPL has its owned registered office and warehouse at Kopar Khairane, Navi Mumbai, and a manufacturing unit/workshop at Khopoli, Raigad. The company's clients are spread across India.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	11.3	10.0
PAT	0.6	0.8
OPBDITA/OI (%)	14.6%	19.7%
PAT/OI (%)	5.7%	8.3%
Total outside liabilities/Tangible net worth (times)	0.7	1.1
Total debt/OPBDITA (times)	3.0	4.5
Interest coverage (times)	2.7	1.9

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore. PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortization; *provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Aug 27, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	3.00	[ICRA]B+ (Stable)	May 29, 2024	[ICRA]B+ (Stable)	-	-	Jan 31, 2023	[ICRA]B (Stable) ISSUER NOT COOPERATING
				-	-	-	-	Mar 27, 2023	[ICRA]B+ (Stable)
Fund Based-Term Loan	Long Term	1.05	[ICRA]B+ (Stable)	May 29, 2024	[ICRA]B+ (Stable)	-	-	Jan 31, 2023	[ICRA]B (Stable) ISSUER NOT COOPERATING
				-	-	-	-	Mar 27, 2023	[ICRA]B+ (Stable)
Non Fund Based-Others	Short Term	1.95	[ICRA]A4	May 29, 2024	[ICRA]A4	-	-	Jan 31, 2023	[ICRA]A4 ISSUER NOT COOPERATING
				-	-	-	-	Mar 27, 2023	[ICRA]A4

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund Based-Cash Credit	Simple
Long Term-Fund Based-Term Loan	Simple
Short Term-Non Fund Based-Others	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	NA	NA	NA	3.00	[ICRA]B+ (Stable)
NA	Term loan	July 2021	NA	June 2025	1.05	[ICRA]B+ (Stable)
NA	Short term - Non-fund based - Others	NA	NA	NA	1.95	[ICRA]A4

Source: Company

Annexure II: List of entities considered for consolidated analysis- Not applicable

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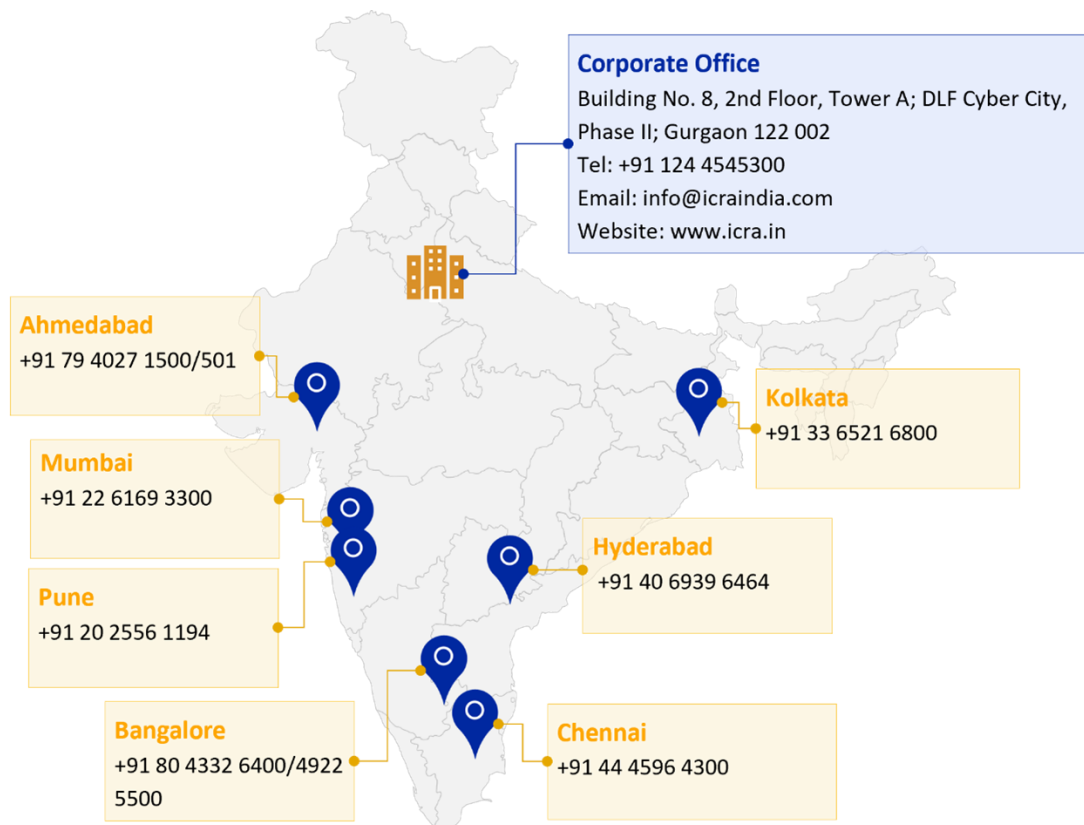
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