



Rating Rationale

Aquatech Infra Projects Private Limited

14 March 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 10.00 Crores of Aquatech Infra Projects Private Limited...

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Oct 2017)	Present (Reaffirmation)
Fund based: CC	1.00	1.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable
Non Fund Based: BG	9.00	9.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus)
Total	10.00	10.00	INR Ten Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon Aquatech Infra Projects Pvt Ltd (AIPPL) Audited Financial Statements from FY16 to FY18 for ease in understanding and comparison. AIPPL has also provided the projected financial statements for FY19 & FY20, publicly available information and information / clarification provided by the AIPPL management.

The ratings assigned to the bank facilities of AIPPL draws strength from extensive experience of the promoters, moderate gearing, comfortable coverage ratios, moderate profitability, above average liquidity profile.

The ratings are however constrained by modest scale of operations, low level of TNW, tender based nature of business, stretched working capital.



Going forward the ability of the company to accelerate its scale of operations, maintain its profit margins, Compliance of Bank's sanction terms, efficiently manage its working capital and cash flows for timely servicing of interest/debt obligations and strengthening of overall financial risk profile shall be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

Extensive experience of the promoters: The promoters have an experience of over three decades in the same field.

Moderate gearing: Moderate gearing with the total debt/ TNW standing at 0.59x and TOL/TNW of 2.10x in FY18.

Comfortable coverage ratios: Comfortable coverage ratios with the ISCR & DSCR standing at 4.71x & 1.63x respectively in FY8 as compared to 3.81x & 1.63x respectively in FY17.

Moderate profitability margins: Moderate profitability margins though declined as compared to FY17 with the NPM and OPM standing at 3.75% & 6.63% respectively in FY18 whereas the same were at 5.01% & 8.14% respectively in FY17.

Above average liquidity profile: Above average liquidity profile with the current ratio standing at 1.53x in FY18 as compared to 1.30x in FY17.

- **Credit Risks:**

Modest scale of operations: Modest scale of operations with TOI standing at Rs 26.91 cr in FY18 as compared to Rs 20.74 Cr, though increased but still is at a low level.

Low level of TNW: Low levels of TNW at Rs 7.51 Cr in FY18 as compared to Rs 4.51 Cr in FY17.

Tender based nature of work: There is always uncertainty regarding outcome of tender due to unavailability of information from rival bidders. Technical errors and different interpretation of legal documents also affect outcome. Cost escalation/ overrun on account of delay in projects do hamper the outcome.

Stretched working capital cycle: Stretched working capital cycle as major chunk of company's finances is held up in inventories ~188 days.



Liquidity profile: The average CC utilization in the last 6 months is 95.17%. The company has cash and cash equivalents amounting to Rs 0.92 Cr in FY18. The current ratio of the company stands at 1.53x in FY18 and AIPPL has no term debt liability.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Aquatech Infra Projects Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

M/s. Aquatech Infra Projects Private Limited (AIPPL) was incorporated 21st March 2013 by Mr. Suhas Joshi. It is a Pune based closely held Private Limited Company. AIPPL is engaged in the business of setting up, operating and maintaining infrastructure projects like Underground Drainage System including Sewage Treatment Plants, Effluent Treatment Plant, Sewage Pumping Stations, Underground Drainage Network, etc. AIPPL mainly utilizes Cyclic Activated Sludge Treatment (C-Tech) technology. AIPPL is a registered Class I Contractor with the Maharashtra Jeevan Pradhikaran (MJP) established for regularization of sewerage and water supply in Maharashtra which is renewed every 3 years

Company Financial Performance

During FY17, the total operating income of AIPPL stood at Rs.20.74 crore (vis-à-vis Rs.26.91 crore in FY18), whereas the PAT during the same year stood at Rs.1.04 crore (vis-à-vis Rs 1.01 crore in FY18). DSCR stood at 1.63 Times in FY17 as compared to 1.68 Times in FY18. The analysed TNW stands at Rs 9.21 Cr in FY18 on account of the unsecured loans brought in by the promoters.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	Oct 2017	2016	2015
1	Fund Based	Long term	1.00	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	NA	NA
2	Non Fund Based	Short term	9.00	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus)	NA	NA
Total			10.00	₹Ten Crores Only			

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

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	26.91	20.74
EBITDA	₹ Cr	1.78	1.69
PAT	₹ Cr	1.01	1.04
Tangible Net worth	₹ Cr	7.51	4.51
Total Debt/Tangible Net worth	Times	0.59	1.84
Current Ratio	Times	1.53	1.30

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)



- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.