Rating Rationale

Fontus Water Pvt Ltd

10th May 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs 166.00Crs of Fontus Water Pvt Ltd

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based:-		**Long Term**	**BWR BBB Outlook: Stable**
Working Capital	**19.00**		
Term Loan	**35.00**		
Non Fund Based:-		**Short Term**	**BWR A3+**
Letter Of Credit/ Bank Guarantee	**112.00**		
Total	**Rs. 166.00 Crores (Rupees One Hundred & Sixty Six Crores Only.)**		

***** Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results up to FY 2015-16 and projected financial of FY 2016-17 , publicly available information and clarification provided by the Company's management.

The rating factors,inter alia, extensive experience of promoters in water supply and management industry, long track record of operations supported by technically qualified team,growing scale of operations and moderate debt coverage indicators. The rating further draws comfort from a diversified customer base, steady flow of orders, group presences across value chain in water management and

allied products in the industry . The rating is however constrained due to modest scale of operations, low profitability margins and competition from organized and unorganized players.

Rating Outlook: Stable

BWR believes that Fontus Water Pvt Ltd 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

Fontus Water Pvt Ltd incorporated in June 2001 is a part of Earth Water Group(EWG) offering water and waste water treatment solutions to the buildings and industrial sector. They are players in the industrial process minimizing their water footprint by treating and converting the sewage and effluent water into fresh drinking or process water, thus producing low cost energy. As a part of EWG, Fontus Water, is India's only integrated water solutions company in water and waste water and is one of the few ISO 9001:2000 certified companies in this segment in the country. The current management consists of Mr Kewal Krishan Nohria, Mr Vidyavathsal Annapragada, Mr Kamal Tiwari, Mr Nimir Mehta and Mr Sunil Ghorawat, who have extensive experience in water supply, treatment and water allied products industry.

Besides Fontus Water Pvt Ltd, Earth group consists of Aventura Components Pvt Ltd which is a subsidiary of Fontus Water Pvt Ltd, engaged in trading of components required in the waste water treatment, water handling and waste water treatment industry.

Company Financial Performance

As per the audited financials for FY16, Company's revenue was Rs. 160.55 cr and PAT was Rs. 3.15 Cr as compared to Rs 96.89Cr and Rs 1.86Cr respectively in FY15. Net worth increased to Rs. 105.50Cr in FY16 as compared to Rs. 97.33Cr in FY15. The gearing of the company stands 0.92X in FY16 as compared to 0.13X in FY15. There has been a considerable improvement in the provisional numbers of FY17 as provided by the company.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	Rating in 2016	Rating in 2015	Rating in 2014
1	Working Capital	Long Term	19.00	BBB	N/A	N/A	N/A
2	Term Loan		35.00				
3	Letter Of Credit/ Bank Guarantee	Short Term	112.00	A3+			

Hyperlink/Reference to Applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Manufacturing Companies
- Short Term Debt

For any other criteria obtain hyperlinks from website

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10th May 2017

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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.