



Rating Rationale

Aquatech Solutions Private Limited

24Jan2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 30.00 Crores of Aquatech Solutions Private Limited.(ASPL or Company)

Particulars

Facility Rated	Amount (₹. Cr)		Tenure	Rating*		
	Previous	Present		Previous (Jun, 2017)	Previous (Sep. 2018)	Present
Fund Based (FB)						
Cash Credit	12.00	22.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook -Stable)	Rating Not Reviewed	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook -Stable) (Upgrade)
Non Fund Based (NFB)						
Bank Guarantee	8.00	8.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	Rating Not Reviewed	BWR A3 (Pronounced as BWR A Three) (Upgrade)
Total Limits	20.00	30.00	(INR Thirty Crores Only)			

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

Ratings: Upgraded



Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials upto FY18 and projections upto FY21 and publicly available information and information/ clarifications provided by the management.

The ratings upgrade is on account of improvement in operational and financial performance with visible revenue growth, the experience of the promoters in the industry, track record of the company, company being a 'Class I' civil contractor with Maharashtra Jeevan Pradhikaran, satisfactory debt coverage ratio, Low gearing ratio and moderate order book position. However, rating is constrained by moderate scale of business operation, tender based contract awarding system limiting margins, timely project completion risk, reduced profit margins and intense competition owing to the fragmented nature of the industry.

Going forward the ability of the company, to increase its scale of operations and improve profit margins, execute the orders in a timely manner, strengthen its overall credit profile and manage its working capital cycle efficiently would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

Company was established in the year 2006. Promoter- Director Mr. Suhas Joshi has an experience of 30 years in the water segment of Infrastructure industry. total operating income of the company has improved from Rs.60.76 Crs in FY 17 to Rs.104.33 Crs in FY18. Company has order book worth Rs.176.89 Crs for FY19 which supports reaching the projected revenue of FY 19, if executed Interest coverage ratio is at 4.32 x in FY18 and gearing level is at 0.69 x in FY18.

Credit Risks:

Timely project completion risk is associated with the sector being tender based deals with Govt department. Net profit margin is reduced from 7.05 % in FY17 to 6.08 % in FY18 and operating profit margin is reduced from 11.98 % in FY17 to 10.48 % in FY18. Working capital intensive business. Fragmented and highly competitive nature of industry.

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 Solutions 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

Aquatech Solutions Private Limited (ASPL) incorporated in Feb 2006 by Mr. Suhas Joshi and Mrs. Ashwini Joshi. It is a Pune based closely held company. ASPL is engaged in construction of Sewage/ Water treatment plant on turnkey basis for various government bodies and local municipal bodies in the state of Maharashtra. ASPL is a registered Class I Civil Contractor valid till 4 Nov 2021 with the Maharashtra Jeevan Pradhikaran (MJP) established for regularisation of sewerage and water supply in the state of Maharashtra. ASPL is mainly engaged in the design and construction of Sewerage Treatment Plants and underground sewerage network system. It mainly utilises a Cyclic Activated Sludge Treatment technology (C-Tech). Total workforce of the company is about 88 and contract workers range from 125-130, contract workers are taken from different companies

Company Financial Performance

In FY18, ASPL reported a total operating income of Rs.104.33 Crs with a PAT of Rs.6.34 crs against total operating income of Rs.60.76 crs with a PAT of Rs.4.28 crs in FY17. Tangible net worth of the company stood at Rs.29.48 crs.as at 31.3.2018

Rating History for the last three years

Si No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	20.9.2018	19.6.2017	2016
Fund Based (FB)							
1	Fund Based	Long Term	22.00	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook -Stable) (Upgrade)	Rating Not Reviewed	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook -Stable)	Not Rated
Non Fund Based (NFB)							
2	Non Fund Based	Short Term	8.00	BWR A3 (Pronounced as BWR A Three) (Upgrade)	Rating Not Reviewed	BWR A4+ (Pronounced as BWR A Four Plus)	Not Rated
	Total Limits		30.00	(INR Thirty Crores Only)			

Status of non-cooperation with previous CRA- Not to our Knowledge Any other information: Nil



Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Total operating income	(Rs. in Crs)	60.76	104.33
EBITDA	(Rs. in Crs)	7.28	10.93
PAT	(Rs. in Crs)	4.28	6.34
Tangible Net worth	(Rs. in Crs)	23.14	29.48
Total Debt/Tangible Net worth	(Times)	0.81	0.69
Current Ratio	(Times)	1.27	1.62

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

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