

Press Release

Rean Watertech Private Limited

February 20, 2020

Rating

Instrument / Facility	Amount (Rs. Crore)	Rating	Rating Action
Long/Short Term Bank Facilities	5.85	IVR BB/Stable/IVR A4; ISSUER NOT COOPERATING* (IVR Double B with Stable outlook/IVR A Four; ISSUER NOT COOPERATING*)	Rating revised from IVR BBB-/Stable/IVR A3; ISSUER NOT COOPERATING* (IVR Triple B minus with Stable outlook/IVR A Three; ISSUER NOT COOPERATING*)
Long Term Bank Facilities	46.15	IVR BB/Stable; ISSUER NOT COOPERATING* (IVR Double B with Stable outlook; ISSUER NOT COOPERATING*)	Rating revised from IVR BBB-/Stable; ISSUER NOT COOPERATING* (IVR Triple B minus with Stable outlook; ISSUER NOT COOPERATING*)
Total	52.00		

**Issuer did not cooperate; based on best available information*

Details of Facility are in Annexure 1

Detailed Rationale

The rating downgrade is because of lack of adequate information regarding Rean Watertech Private Limited's performance and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data including FY19 (A) results to monitor its assigned rating to the bank facilities, vide E-mail communications dated February 14, 2020, February 13, 2020, February 12, 2020, February 11, 2020 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long- term rating for the bank loan facilities of Rean Watertech Private Limited aggregating to Rs.52.00 crore shall be moved to the ‘ISSUER NOT COOPERATING’ category by Infomerics and the rating be noted as IVR BB/Stable; Issuer Not Co-operating; Based on best available information (IVR Double B /Stable: Issuer Not Co-operating; Based on best available information) and IVR A4: Issuer Not Co-operating; Based on best available information. (IVR A Four: Issuer Not Co-operating; Based on best available information). Accordingly, the lenders, investors and other users of this rating are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company.

Analytical Approach & Applicable Criteria

Financial Ratios & Interpretation – (Non-financial Sector)

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Rean Watertech Pvt Ltd (RWPL) was incorporated in January 2014 to work as a construction contractor for setting up drinking water projects and waste water treatment plants across rural and semi urban areas on BOT (Build, Operate & Transfer) basis. The company was promoted by two finance professionals, Mr. Hitesh Arora and Mr. Anjan Mitra, alongwith BTL EPC Ltd. Both Mr. Arora and Mr. Mitra are professional managers with CXO backgrounds in large organisations. Mr.Hitesh Arora was associated with companies such as Srei Infrastructure Finance and Vedanta Resources Plc and Mr. Anjan Mitra was associated with companies like Magma Fincorp and Srei group, besides working at Dubai.

Financials (Standalone)

(Rs. Crore)

For the year ended* / As On	31-03-2016	31-03-2017
	Audited	Audited
Total Operating Income	47.82	54.02
EBITDA	5.51	6.39
PAT	3.56	4.21
Total Debt	0.2	3.0
Tangible Net worth	14.6	18.5
EBITDA Margin (%)	11.52	11.83
PAT Margin (%)	7.33	7.63
Overall Gearing Ratio (x)	0.02	0.21

**Based on Infomerics classification*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Letter of Credit / Cash Credit	Long / Short Term	4.00	IVR BB/Stable/IVR A4; ISSUER NOT COOPERATING*	IVR BBB-/Stable Outlook /IVR A3 ISSUER NOT COOPERATING (November 20, 2018)	IVR BBB-with Stable Outlook and IVR A3 (September 4, 2017)	-
2.	Letter of Credit / Overdraft	Long / Short Term	1.85 (within which there is a sub-limit of OD against book debts of Rs.0.50 cr)	IVR BB/Stable/IVR A4; ISSUER NOT COOPERATING*	IVR BBB-/Stable Outlook /IVR A3 ISSUER NOT COOPERATING (November 20, 2018)	IVR BBB-with Stable Outlook and IVR A3 (September 4, 2017)	-
3.	Bank Guarantee	Long Term	46.15	IVR BB/Stable; ISSUER NOT COOPERATING*	IVR BBB-/Stable Outlook ISSUER NOT COOPERATING (November 20, 2018)	IVR BBB-with Stable Outlook (IVR Triple B minus with Stable Outlook) (September 4, 2017)	-

* Issuer did not cooperate; based on best available information

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Letter of Credit / Cash Credit	-	-	-	4.00	IVR BB/Stable/IVR A4; ISSUER NOT COOPERATING*
Letter of Credit / Overdraft	-	-	-	1.85 (within which there is a sub-limit of OD against book debts of Rs.0.50 cr)	IVR BB/Stable/IVR A4; ISSUER NOT COOPERATING*
Bank Guarantee	-	-	-	46.15	IVR BB/Stable; ISSUER NOT COOPERATING*

* Issuer did not cooperate; based on best available information