



Press Release

MM Aqua Technologies Limited (MMATL)

April 12th, 2022

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned	Rating Action	Complexity indicators
1.	Long Term Fund Based Bank Facility – Cash Credit	12.00	IVR BB-/Stable Outlook (IVR Double B Minus with Stable Outlook)	Reaffirmed	Simple
2.	Long Term Fund Based Bank Facility – Bank Guarantee	7.50	IVR A4 (IVR A Four)	Reaffirmed	Simple
	Total	19.50			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the rating to the bank facilities of MM Aqua Technologies Limited (MMATL) continues to derive comfort from extensive experience of promoters and diversified product profile, diversified and reputed customer base and moderate order book position. The rating also considers moderate average financial risk profile, small scale of operations with diminishing margins, and working capital intensive nature of operations with elongation in operating cycle and intense competition in the industry.

Key Rating Sensitivities:

Upward Factor

- Growth in scale of operations with improvement in profitability, and cash on a sustained basis.
- Manage working capital requirements efficiently with improvement in liquidity position

Downward Factor

- More than expected moderation in scale of operations or profitability impacting the liquidity profile
- Moderation in the capital structure



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Key Rating Drivers with detailed description

Key Rating Strengths

Extensive experience of promoters and diversified product profile:

The Company has been present for more than two decades in the field of providing complete solutions to cooling towers, water and water waste management. This has enabled the management to establish strong relationships with vendors and customers. The top management at MMATL is supported by professionally qualified team having adequate experience in the industry.

Diversified and reputed customer base:

MMATL has an established customer base, primarily in the cooling tower segment. The company enjoys established relationships with most of its customers, with several repeat orders being garnered from them. Its customer base is moderately diversified with its top five customers accounting for ~50% of the total sales in FY21.

Moderate Order Book Position:

The Company has order book position of ~INR21 Crore to be executed in, providing revenue visibility. Further, with the diversified geographical presence of the company in India and abroad, the company will be in a better position to procure orders in future.

Key Rating Weaknesses

Moderate average financial risk profile:

Overall capital structure of the company remains moderate marked by Overall Gearing ratio (times) on net adjusted Tangible Net Worth at 0.68x as on March 31, 2021. The debt protection indicators like interest coverage are average at 2.37x in FY21 (1.52x in FY20). Further, total indebtedness of the company as reflected by TOL/TNW remained moderate at 1.06x as on March 31, 2021.

Small Scale of Operations with diminishing margins:

MMATL has been operating on a small scale and its turnover has remained in the range of INR36 Crore-INR48 Crore in past three fiscals. The company have cloaked sales of INR35.36 Crore 9MFY22 backed with the revamp in the demand post covid-19 pandemic



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induced lockdowns. With the small scale of operations the margins have also witnessed deterioration in past fiscal as witnessed by EBITDA and PAT margin of 7.96% and (1.01%) in FY21 whereas it was 8.14% and (0.50%) in FY20.

Working capital intensive nature of operations with elongation in operating cycle:

The company's working capital intensity of operations have usually tended to remain on the higher side due to high receivables as the debtor days increased to 139 days as on March 31, 2021 as compared to 111 days as on the previous fiscal end. The creditor days has stood at 65 days as on March 31, 2021. The inventory levels have remained on a higher side at 107 days as on March 31, 2021 and 99 days as on March 31, 2020.

Intense Competition in the Industry:

MMATL, a small-sized player in the cooling tank industry, faces intense competition from large organized as well as small unorganized players across the domestic market.

Analytical Approach : Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-financial Sector\)](#)

Liquidity: Adequate

The liquidity profile of MMATL is expected to remain adequate marked by its expected satisfactory cash accrual of as against debt repayment obligation. Moreover, the company has current ratio at 1.62x and Cash Equivalents level of ~INR6.36 Crore including FDR as on March 31, 2021. The average working capital utilisation of the company remained moderate at ~61% during the past 12 months ended March 31, 2022 indicating adequate liquidity buffer.

About the Company

MM Aqua Technologies Ltd (MMATL), established in 1997 provides a complete solution for cooling tower, water and waste water treatment. MMATC manufactures PVC Fill Media Tube Settler and Diffusers for water & wastewater treatment, influent treatment, Gas Cleaning,



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Cooling Tower for an extremely diverse range of applications. MMATL offer complete gamut of technologies, project management and engineering solutions covered under one roof with products namely PVC Structured Fill Media, BIOdek, TUBEdek, Drift Eliminators, Mist Eliminators, etc. which gives a complete effluent treatment

Financials: Standalone

(INR. Crore)

For the year ended/ As On*	31-3-2020 (Audited)	31-3-2021 (Audited)
Total Revenue	47.68	37.44
EBITDA	3.88	2.98
PAT	-0.24	-0.38
Total Debt	13.52	13.18
Tangible Net-worth	19.58	19.35
Ratios (%)		
EBITDA Margin (%)	8.14	7.96
PAT Margin (%)	-0.50	-1.01
Overall Gearing Ratio (x)	0.69	0.68

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: N.A

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (January 13, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Long Term Fund Based Bank Facility – Cash Credit	Long Term	12.00	IVR BB-/Stable Outlook		IVR BB-/Stable Outlook	-
2.	Short Term Non -Fund Based Bank	Short Term	7.50	IVR A4		IVR A4	-



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	Facility – Bank Guarantee						
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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.

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Annexure 1: Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facility – Cash Credit	--	--	--	12.00	IVR BB-/Stable
Long Term Fund Based Bank Facility – Bank Guarantee	--	--	--	7.50	IVR A4



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Annexure 2: List of companies considered for consolidated analysis: None

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-MM-Aqua-Apr22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.