

## Infomerics Valuation And Rating Pvt. Ltd.

### Press Release

#### Rean Watertech Private Ltd.

November 20, 2018

### Rating

Instrument / Facility	Amount	Rating	Rating Action
Long/Short-term Bank Facilities	Rs.5.85 crores	IVR BBB-/Stable Outlook /IVR A3 ISSUER NOT COOPERATING* (IVR Triple B Minus with Stable Outlook /IVR A Three ISSUER NOT COOPERATING*)	Moved to ISSUER NOT COOPERATING Category from IVR BBB- with Stable Outlook/IVR A3
Long term Bank Facilities	Rs.46.15 crores	IVR BBB-/Stable Outlook ISSUER NOT COOPERATING* (IVR Triple B Minus with Stable Outlook ISSUER NOT COOPERATING*)	Moved to ISSUER NOT COOPERATING Category from IVR BBB- with Stable Outlook

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

#### Details of Facility are in Annexure 1

#### Detailed Rationale

The ratings derive comfort from the experience of promoters, profitable operation and moderate level of networth and comfortable gearing level. The ratings are however, constrained by the relatively short tenure of operation and elongated average receivable collection period. Ability to scale up operation, diversification of clientele and managing receivable collection period effectively are the key rating sensitivities.

#### Non cooperation by Issuer

Infomerics has repeatedly followed up with the company to provide information to monitor the rating(s) vide e-mails dated October 5, 2018, October 9, 2018, October 15, 2018, October 24, 2018 and November 5, 2018. However, despite repeated requests, the company has failed to submit “No Default Statement” and data for review. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the long term rating for bank loan facilities of Rean Watertech Private Ltd (RWPL) aggregating to Rs.52.00 crore to the ‘ISSUER NOT COOPERATING’ category. The rating is now denoted as IVR BBB-

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/Stable Outlook /IVR A3 ISSUER NOT COOPERATING (pronounced IVR Triple B Minus with Stable Outlook /IVR A Three ISSUER NOT COOPERATING). Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

### Analytical Approach & Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation – non-financial companies

Guidelines on what constitutes Non-Cooperation by clients

### About the Company

RWPL was incorporated in January 2014 to work as 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. It was promoted by two professionals, Mr. Hitesh Arora and Mr. Anjan Mitra, along with BTL EPC Ltd (formerly Bengal Tools Ltd of Shrachi Group). The company is headquartered in Kolkata and has a zonal office in Bhopal. Mr. Mitra exited to company after stepping down from the board in September, 2017.

### Financials (Standalone)

(Rs. Crores)

For the year ended / Rs. Crs	31-03-2017	31-03-2018
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	52.5	62.0
EBITDA	5.2	9.1
Interest	1.3	1.7
PAT	5.1	6.7
Total Debt	3.0	8.2

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Long Term Debt	0.2	0.8
Tangible Net worth	19.7	26.3
<b><u>Ratios</u></b>		
<b><u>Profitability Ratios (%)</u></b>		
a. EBIDTA Margin	9.90	14.67
b. PAT Margin	9.35	10.68
<b><u>Solvency Ratios</u></b>		
<b><u>Long Term</u></b>		
a. Long Term Debt Equity ratio	0.01	0.04
b. Overall Gearing ratio	0.19	0.37

Source:- MCA site

Note: Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Nil

**Rating History for last three years:**

S. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Letter of Credit / Cash Credit	Long / Short Term	4.00	IVR BBB- /Stable Outlook /IVR A3 ISSUER NOT COOPERATING*	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 BBB- /Stable Outlook /IVR A3 ISSUER NOT	IVR BBB- with Stable Outlook and IVR A3	--	--

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				COOPER ATING*	(September 4, 2017)		
3.	Bank Guarantee	Long Term	46.15	IVR BBB- /Stable Outlook ISSUER NOT COOPER ATING*	IVR BBB- with Stable Outlook (IVR Triple B minus with Stable Outlook) (September 4, 2017)	--	--

**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](http://www.infomerics.com).

### Name and Contact Details of the Rating Analyst:

Name: Mr. Sriram Rajagopalan

Tel: (022) 40036966

Email: [srajagopalan@infomerics.com](mailto:srajagopalan@infomerics.com)

### 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.

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### Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility(Rs. Crores)	Rating Assigned/ Outlook
Letter of Credit / Cash Credit	-	-	-	4.00	IVR BBB- with Stable Outlook (IVR Triple B minus with Stable Outlook) and IVR A3 (IVR A Three)
Letter of Credit / Overdraft	-	-	-	1.85 (within which there is a sub-limit of OD against book debts of Rs.0.50 cr)	IVR BBB- with Stable Outlook (IVR Triple B minus with Stable Outlook) and IVR A3 (IVR A Three)
Bank Guarantee	-	-	-	46.15	IVR BBB- with Stable Outlook (IVR Triple B minus with Stable Outlook)