

May 21, 2015

Facilities	Amount (Rs. Crore)	Ratings
Working Capital Term Loan	4.78	SMERA B-/Stable (Assigned)
Funded Interest Term Loan	0.42	SMERA B-/Stable (Assigned)
Cash Credit	2.50	SMERA B-/Stable (Assigned)
Bank Guarantee	0.35	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA single B minus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.8.05 crore bank facilities of Deccan Water Treatment Private Limited (DWTP). The outlook is '**Stable**'. The ratings reflect the company's stretched working capital cycle. The ratings are also constrained by the decline in the company's revenue. However, the ratings are supported by the company's experienced management.

DWTP, incorporated in 2004, is a Pune-based company engaged in assembling and installation of water treatment plants. DWTP has a stretched working capital cycle of 431 days (for the period April 2014 to October 2014) on account of extended collection period. The company's revenue declined from Rs.53.04 crore in FY2013-14 to ~Rs.24.44 crore (provisional) for the period April 2014 to October 2014.

DWTP has an experienced management team headed by Mr. A. Sarkar, who has around 25 years of experience in the infrastructure industry.

Outlook: Stable

SMERA expects DWTP to maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers sustained improvement in working capital management. The outlook may be revised to 'Negative' in case of stretch in the company's working capital cycle, or in case of decline in the company's earnings.

About the company

DWTP, incorporated in 2004, is a Pune-based company promoted by Mr. A. Sarkar. DWTP is engaged in assembling and installation of reverse osmosis plants, sewage treatment systems and car wash treatment plants. The company also provides operation and maintenance services for water treatment plants.

For FY2013-14, DWTP reported profit after tax (PAT) of Rs.6.03 crore on operating income of Rs.53.04 crore, as compared with PAT of Rs.5.62 crore on operating income of Rs.51.37 crore in

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FY2012-13. The company registered PAT of Rs.5.43 crore (provisional) on operating income of Rs.24.44 crore (provisional) for the period April 2014 to October 2014. DWTP's net worth stood at Rs.18.13 crore as on March 31, 2014, as compared with Rs.12.10 crore a year earlier.

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