

July 23, 2015

Facilities	Amount (Rs. Crore)	Rating
Bank Guarantee	8.50	SMERA BB+/Stable (Assigned)
Letter of Credit	2.00	SMERA BB+/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.10.50 crore bank facilities of Industrial Plants and Waste Treatment Corporation (IPWT). The outlook is '**Stable**'. The rating derives comfort from IPWT's established operational track record, experienced management and healthy financial risk profile. However, the rating is constrained by the firm's modest scale of operations and low net worth. The rating also notes the partnership constitution of IPWT.

IPWT, setup in 1971, is a Mumbai-based firm that designs and manufactures special purpose vehicles for waste management and aircraft refuelling apart from providing concrete waterproofing services. The firm is headed by Mr. Rajesh Khatwani and Mr. Tarun Khatwani, who possess around 25 years of experience in the said line of business.

The firm has maintained a comfortable net profit before tax margin of over 5 per cent during the period under study. The firm's gearing (debt-to-net worth ratio) is low at 0.32 times (provisional) as on March 31, 2015. A comfortable profitability and low gearing has resulted in high interest coverage ratio at 6.82 times (provisional) for FY2014-15 (refers to financial year, April 01 to March 31).

IPWT has modest scale of operations with operating income of Rs.27.47crore (provisional) in FY2014-15. The net worth of IPWT stood at Rs.6.05 crore (provisional) as on March 31, 2015. Further, the firm has extended advances of Rs.3.12 crore (~50 per cent of net worth) as on March 31, 2015 to its group entities. Also, the partnership constitution of IPWT renders the firm vulnerable to risks associated with withdrawal of capital.

#### Rating Sensitivity Factors

- Scaling-up of operations while maintaining comfortable profit margins

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SMERA RATINGS LIMITED

# Industrial Plants and Waste Treatment Corporation (IPWT)

*Rating  
Rationale*

## Outlook: Stable

SMERA believes IPWT will maintain a stable business risk profile on account of its established operational track record and experienced management. The outlook may be revised to 'Positive' in case IPWT is able to achieve significant growth in revenue alongwith improvement in profitability and significant improvement in its capital structure resulting from considerable capital infusion by promoters. The outlook may be revised to 'Negative' in case IPWT reports lower than expected revenue alongwith significant decline in profitability or deterioration in the financial risk profile.

## About the Firm

IPWT, setup in 1971, is a Mumbai-based firm engaged in the designing and manufacturing of special purpose vehicles used for sewer cleaning, solid waste handling, fuel collection and transportation. The firm also provides concrete waterproofing services. IPWT has its manufacturing unit located at Vasai (Maharashtra).

The firm reported net profit before tax of Rs.1.59 crore (provisional) on operating income of Rs.27.47crore for FY2014-15 as compared to net profit before tax of Rs.1.32 crore on operating income of Rs.25.54 crore for FY2013-14. IPWT's net worth stood at Rs.6.05 crore (provisional) as on March 31, 2015, as compared with Rs.5.13 crore as on March 31, 2014.

## Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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