



Press Release
INDUSTRIAL PLANT AND WASTE TREATMENT CORPORATION
May 15, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	10.50	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	20.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minusa**) and short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs. 20.50 Cr. bank facilities of Industrial Plant and Waste Treatment Corporation (IPWT). The outlook is ‘**Stable**’.

Rationale for rating reaffirmation

The rating reaffirmation considers long-standing experience of IPWT’s promoters, its long track record of operations and its stable operations. The firm’s tender based operations have kept the operating profit margins between 3.8-4.5 percent over the past three years, due to competition and raw material cost fluctuations. However, revenue has improved marginally by 10 percent in FY2024. The rating further draws support from the nil debt position and improvement in revenue and profitability as per the FY2025 estimations. However, the rating is constrained by the working capital intensive nature of operations, modest scale of operations and tender based operations.

About the Company

Industrial Plant and Waste Treatment Corporation (IPWT), based in Mumbai, was incorporated in 1971 as a partnership firm. The firm is engaged in the designing and manufacturing of special purpose vehicles used for sewer cleaning, solid waste handling, fuel collection and transportation. The firm also has water proofing division servicing to large urban civil projects and special infrastructure projects. IPWT has its manufacturing unit located at Vasai (Maharashtra). 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.

Unsupported Rating

Not applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of the Industrial Plant and Waste Treatment Corporation (IPWT) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

IPWT was established as a partnership concern in 1971. IPWT has stable business risk profile with geographically diversified customer base spread across 14 cities in India. Also, the firm has established position in niche market and forged long-term relationship with the clients. The partner Mr. Tarun Shankar Khatwani has experience of around twenty-five years in manufacturing of urban environmental infrastructure equipment and providing other related services. He is supported by his brothers, Mr. Rajesh Shankar Khatwani and Mr. Jignesh Parekh (General Managers) with extensive experience in handling the day to day operations of IPWT. Acuité believes that the firm will sustain its existing business profile over the medium term on the back of an established track record of operations with an experienced management.

Moderate financial risk profile:

IPWT has moderate financial risk profile marked by healthy coverage ratios, gearing and low tangible net worth. The net worth of the firm stood at Rs.12.67 Cr. as on March 31, 2024 as against Rs.11.97 Cr. as on March 31, 2023. The partners have withdrawn capital of Rs.0.32 Cr. in FY2024 (apart from Income Tax payment of Rs.0.70 Cr). The gearing level of the firm stood low at 0.02 times as on March 31, 2024 as against 0.04 times as on March 31, 2023. The total debt outstanding of Rs.0.25 Cr. includes term loan obligation (Vehicle loans) of Rs.0.11Cr, Rs.0.09 crore unsecured loans from promoters and directors and current maturities for long term debt of Rs.0.06 Cr. as on March 31, 2024. The TOL/TNW (total outside liabilities/ total net worth) remained at 1.63 times as on March 31, 2024 as against 1.61 times as on March 31, 2023. The coverage ratios of the firm stood healthy with Interest Coverage Ratio (ICR) of 7.81 times for FY2024 as against 6.75 times for FY2023. Also, the Debt Service Coverage Ratio (DSCR) also stood at 5.00 times for FY2024 against 3.41 times for FY2023. Further, Debt to EBITDA stood at 0.11 times as on March 31, 2024 as against 0.24 times as on March 31, 2023. Acuité believes that going forward the financial risk profile of the firm will improve backed by steady accruals and no debt funded capex plans.

Weaknesses

Modest Scale of operations

The firm's revenue stood at Rs.32.79 Cr. in FY2024, which is improved by 10.13 percent against the previous year's revenue of Rs.29.77 Cr. Despite being in the business for over four decades, the firm's scale of operations are expected to remain modest going forward as well. As per FY2025 estimations, the firm has generated a revenue of Rs.34.00 Cr. Further, it has an unexecuted order book of Rs.46.78 Cr. which is to be executed over the next 12 months, providing a similar level of revenue visibility for the period.

Acuité believes that, IPWTC's ability in securing large tenders and improving its scale of operations will be a key monitorable.

Working capital intensive nature of operations

The working capital management of the firm is intensive in nature marked by high GCA days of 240 days in FY2024 as against 252 days in FY2023. The high GCA days are led by high receivable days. The payments from the customers are realized partly during the work and final bill is settled after the commissioning of equipment. Additionally, billing of waterproofing services is slightly concentrated towards the end of the fiscal year, resulting in a stretched debtor's days which stood at 134 days in FY2024 as against 129 days in FY2023. The inventory levels, which primarily consist of work-in-progress stood at 30 days in FY2024 as against 17 days in FY2023. However, the firm derives comfort from stretching its payables, which stood at 258 days in FY2024 against 230 days in FY2023. The firm do not have any fund based working capital limits, the operations are being managed from the internal accruals. Acuité believes that the working capital operations of the firm will remain intensive due to the stretched collection mechanism over the medium term.

Tender Base Nature of Operations

IPWT faces intense competition in bidding for government tenders and procurement of contracts during the downturn presents a major challenge for the firm. This might impact the profitability margins of the firm.

Rating Sensitivities

- Significant improvement in the scale of operations along with the profitability margins.
- Stretched working capital cycle and deterioration in liquidity position.

Liquidity position: Adequate

IPWT's liquidity position is adequate marked by sufficient net cash accruals against its maturing debt obligations and liquid deposits in form of FD's with lenders. The firm generated cash accruals of Rs.1.94 Cr. in FY2024 against maturing debt obligations of Rs.0.16 Cr. The cash accruals of the firm are estimated to remain in the range of Rs.1.9-2.4 Cr. during 2025-27 period against nil debt repayment obligations as the firm is estimated to clear its outstanding debt (vehicle loans) during FY2025. The current ratio of the firm stood moderate with 1.52 times as on March 31 2024. The unencumbered cash and bank balance stood at Rs.0.48 Cr. and liquid investment at Rs.9.35

Cr. as on March 31, 2024, provides additional liquidity comfort. The non-fund based bank limits of the firm stood low at an average utilization of ~29 percent for BG and ~6 percent for LC for last twelve months ended January 2024. Acuite believes that the liquidity position of the firm will remain adequate over the medium term due to the nil long term debt and no plans for further debt borrowing.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	32.79	29.77
PAT	Rs. Cr.	1.63	1.22
PAT Margin	(%)	4.98	4.10
Total Debt/Tangible Net Worth	Times	0.02	0.04
PBDIT/Interest	Times	7.81	6.75

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Feb 2024	Bank Guarantee/Letter of Guarantee	Short Term	8.50	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	2.00	ACUITE A3 (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
28 Nov 2022	Bank Guarantee/Letter of Guarantee	Long Term	8.50	ACUITE BBB- Stable (Reaffirmed)
	Letter of Credit	Long Term	2.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.50	Simple	ACUITE A3 Reaffirmed
Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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