



Press Release
MUMBAI WTR PRIVATE LIMITED

January 30, 2019

Rating Update

Total Bank Facilities Rated*	Rs.750.00 Cr.
Long Term Rating	ACUITE BBB- (Under rating watch with negative implications)

* Refer Annexure for details

Rating Rationale

Acuite has placed the long rating of '**ACUITE BBB-' (read as ACUITE triple B minus)** on Rs.750.00 crore bank facilities of Mumbai WTR Private Limited (MWPL) on '**Rating watch with negative implications**'.

Acuite has placed MWPL's rating on watch following an announcement by the promoters of Essel group stating their intentions to dilute 50 percent of the total promoter holding in Zee Entertainment Enterprises Limited (ZEEL). However, adequate clarity and timelines for the transaction is yet to emerge.

The financial flexibility of the promoters of Essel Group emanates from their holdings in their listed companies, mainly ZEEL. ZEEL, a media and entertainment company, is the flagship company with the largest market cap among the all listed companies of the group. Besides the debts in the operating companies, the promoters had also raised loans on the basis of pledge of shares of these companies. As of December 31,2018, the promoters held 41.62 percent in ZEEL of which 59.37 percent was encumbered. Consequent to a sharp decline in the prices of the Essel Group companies on Jan 25, 2019, the company's key promoter Mr. Subhash Chandra Goyal has made a clarification, stating the group's intention to settle the debts to its various creditors/ lenders and seeking the support & cooperation of the lenders in this regard. Acuite believes that these developments are indicative of a possible impairment in the financial flexibility of the promoter and the Essel Group. These events are likely to impede the group's ability to refinance existing debt or raise additional debt from the banking system or the debt markets.

Acuite currently is in discussions with the management of Essel group to understand the impact of these developments on their liquidity and debt servicing ability and consequently on MWPL's business and financial risk profile.

Mumbai Wtr Private Limited (MWPL), incorporated in 2011 is a part of Essel Group, the leading industrial group with significant presence in media, entertainment, technology, infrastructure, packaging, financial services and education among others. Mr. Subhash Chandra is the promoter of the Group. MWPL, an EPC contractor company, undertakes projects for the Essel group. It is led by Directors, Mr. Nitin Vitthalrao Thorve, Mr. Mangesh Deshpande, Mr. Amit Bera and Mr. Deepak Gupta.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the MWPL's and subsequently factored in support from the Essel Group to arrive at this rating.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	432.35	91.98	13.88
EBITDA	Rs. Cr.	92.88	19.93	3.86
PAT	Rs. Cr.	1.49	(4.23)	(105.14)
EBITDA Margin	(%)	21.48	21.67	27.78
PAT Margin	(%)	0.35	(4.60)	(757.32)
ROCE	(%)	7.68	2.59	1.30
Total Debt/Tangible Net Worth	Times	(10.04)	(10.90)	(5.95)

PBDIT/Interest	Times	1.02	0.86	0.08
Total Debt/PBDIT	Times	13.73	57.38	83.25
Gross Current Assets (Days)	Days	1,482	6,886	33,511

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

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Infrastructure Entities- <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Criteria For Group And Parent Support - <https://www.acuite.in/view-rating-criteria-24.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
01-Oct-18	Term loans	Long Term	750.00	ACUITE BBB-/Stable (Reaffirmed)
30-Jun-17	Term loans	Long Term	750.00	ACUITE BBB-/Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	750.00	ACUITE BBB- (Under rating watch with negative implications)

Contacts

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About Acuite Ratings & Research:

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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