

Press Release

Purita Water Solutions Private Limited

December 10, 2019

Rating Withdrawn

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the above mentioned bank facilities of Rs. 10.00 crore for Purita Water Solutions Private Limited (PWSPL). This rating is now withdrawn and is based on best available information.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

PWSPL is a Mumbai-based company incorporated in 2005. The company, promoted by Mr. Ravindra Wadel and Ms. Harsh Wadel, is engaged in the designing, assembling and installation of industrial water treatment plants. It caters to steel, petrochemicals, power and other industries.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of PWSPL to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced management

The promoters have more than a decade of experience in the aforementioned business. Further, promoters are also supported by a team of experienced senior level management. Acuité believes that promoters' extensive experience in the industry has helped the company maintain healthy relations with its customers and suppliers.

• Average financial risk profile

The company has average financial risk profile marked by net worth of Rs. 6.44 crore as on 31 March, 2019 as against Rs. 5.35 crore as on 31 March, 2018. The gearing stood healthy at 0.10 times as on 31 March, 2019 as against 0.35 times as on 31 March, 2018. The total debt of Rs. 0.67 crore outstanding as on 31 March, 2019 is long term debt. Interest Coverage Ratio (ICR) stood average at 3.10 times for FY2019 as against 1.93 times for FY2018. Further, TOL/TNW stood at 1.67 times as on March 31, 2019 as against 1.05 times as on March 31, 2018.

Weaknesses

• Modest scale of operations

PWSPL achieved operating income of Rs. 16.38 crore for FY2019 as against Rs. 8.34 crore for FY2018. The company registered revenue of ~Rs. 15.00 crore from April to Nov 2019. Further, the company has moderate order book position of ~Rs. 130.00 crore which is to be executed by FY2021 showing revenue visibility over near to medium term.

• Working capital intensive operations

The working capital operations of the company are intensive marked by high Gross Current Assets (GCA) of 330 days for FY2019 which has improved from 440 days for FY2018. The debtor days have increased to 230 days for FY2019 as compared to 183 days for FY2018. Further, the inventory days have reduced to 90 days for FY2019 from 366 days for FY2018.

Liquidity Profile: Stretched

The company has stretched liquidity marked by moderate net cash accruals against no debt obligations. The company generated cash accruals of Rs. 1.54 crore for FY2019 against no debt obligations for the same period. The company has working capital intensive operations marked by high GCA days of 330 days for FY2019. The company maintains unencumbered cash and bank balances of Rs. 0.26 crore as on 31 March, 2019. The current ratio stood at 1.38 times as on 31 March, 2019.

Rating Sensitivities

Not Applicable

Any Material Covenants

None

Outlook

Not Applicable

About the Rated Entity - Key Financials

Particulars	Unit	FY2019	FY2018
Operating Income	Rs. Crore	16.38	8.34
Profit after tax (PAT)	Rs. Crore	1.48	0.56
PAT margin	%	9.04	6.70
Total debt / Tangible Net worth	Times	0.10	0.35
PBDIT / Interest	Times	3.10	1.93

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Entities - <https://www.acuite.in/view-rating-criteria-50.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
13-Feb-2019	Cash Credit	Long Term	2.50	ACUITE B+ / Stable (Downgraded from ACUITE BB-/ Stable)
	Bank Guarantee	Short Term	4.50	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	1.50	ACUITE A4 (Reaffirmed)
	Proposed Bank Facility	Short Term	1.50	ACUITE A4 (Reaffirmed)

12-Dec-2017	Cash Credit	Long Term	1.50	ACUITE BB-/ Stable (Assigned)
	Proposed Term loan	Long Term	2.00	ACUITE BB-/ Stable (Assigned)
	Proposed Cash Credit	Long Term	1.50	ACUITE BB-/ Stable (Assigned)
	Bank Guarantee	Short Term	2.50	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	1.50	ACUITE A4 (Assigned)
	Proposed Short Term Loan	Short Term	1.00	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE B+ (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE A4 (Withdrawn)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4 (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4 (Withdrawn)

Contacts

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About Acuité Ratings & Research:

Acuité 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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