



SMERA RATINGS LIMITED

# Aqua Matrix System Private Limited (AMSPL)

## Rating Rationale

**August 27, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.50	SMERA B+/Stable (Assigned)
Term Loan – Proposed	0.60	SMERA B+/Stable (Assigned)
Export Packing Credit	1.00	SMERA A4 (Assigned)
Bank Guarantee/Letter of Credit	2.00*	SMERA A4 (Assigned)
Short Term - Proposed	1.50**	SMERA A4 (Assigned)

*\*fully interchangeable between Bank Guarantee and Letter of Credit.*

*\*\* Proposed short term loans of Rs.1.00cr for export packing credit and Rs. 0.50cr for Bank Guarantee.*

SMERA has assigned a long term rating of '**SMERA B+**' (read as **SMERA B plus**) and a short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned bank facilities of Aqua Matrix System Private Limited (AMSPL). The outlook is '**Stable**'. The ratings are constrained by the company's modest scale of operations and working capital intensive operations. However, the ratings derive comfort from the promoters experience and moderate financial risk profile marked by healthy interest coverage ratio.

### Outlook: Stable

SMERA believes that the company will continue to benefit over the medium term from its promoter's extensive experience. The outlook may be revised to 'Positive' in case of sustained improvement in the company's revenues and profitability margins, working capital management and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of decline in the profitability margin or deterioration in working capital management leading to significant deterioration in the capital structure.

### Rating Sensitivity Factors

Deterioration in the receivable collection period  
Future capital expenditure plans and its funding pattern

### About the Company

AMSPL, a Chennai-based company was established in 2010 by Mr. Srinivasan Anand and Mr. Parthasarathy. The company is engaged in the designing, fabrication, erection and commissioning of water treatment plants.

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For FY2013-14, AMSPL reported profit after tax (PAT) of Rs.0.30 crore on operating income of Rs.15.21 crore as compared with PAT of Rs.0.07 crore on operating income of Rs.7.09 crore for FY2012-13.

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