

March 30, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BB-/Stable (Assigned)
Inland Letter of Guarantee	4.00	SMERA A4 (Assigned)
Proposed Cash Credit	2.00	SMERA BB-/Stable (Assigned)
Proposed FLC/BG	6.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.14.00 crore bank facilities of Cleantec Infra Private Limited (CIPL). The outlook is '**Stable**'. The ratings are supported by the company's comfortable financial risk profile, strong debt protection metrics and healthy order book position. However, the ratings are constrained by the company's short track record of operations. The ratings are also constrained by the company's high dependence on tender-based orders.

CIPL, incorporated in 2010, is a New Delhi-based company engaged in trading of water treatment equipment and spare parts. CIPL also provides services for mechanized sweeping, water management and construction waste recycling. The company commenced commercial operations in December 2012. CIPL's comfortable financial risk profile is reflected in low debt-equity ratio of 0.95 times as on March 31, 2014. The company has strong debt protection metrics with interest coverage ratio of 5.05 times and net cash accruals to total debt (NCA/TD) ratio of 1.04 times in FY2013-14 (refers to financial year, April 01 to March 31). CIPL's debt service coverage ratio (DSCR) is healthy at 2.87 times in FY2013-14. The company has a healthy order book position with pending orders of Rs.14.82 crore, which are likely to be executed in FY2015-16.

CIPL is highly dependent on tender-based orders which are procured through a competitive bidding process.

Rating sensitivity factor

- Ability to scale up operations while maintaining healthy profitability, comfortable capital structure and sound liquidity position

Outlook: Stable

SMERA believes CIPL will maintain a stable business risk profile over the medium term given the healthy revenue visibility. The outlook may be revised to 'Positive' in case the company registers substantial and sustained growth in revenues. The outlook may be revised to 'Negative' in case of decline in the company's revenues, or in case of deterioration in the company's operating efficiency or financial risk profile.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the company

CIPL, incorporated in 2010, is a New Delhi-based company managed by Mr. Anil Bahl, Mr. Sunil Bahl, Mr. Gaurav Chopra and Mr. Rakesh Chopra. CIPL is engaged in trading of water treatment equipment and spare parts. The company also provides services for mechanized sweeping, water management and construction waste recycling.

For FY2013–14 CIPL reported net profit of Rs.0.42 crore on operating income of Rs.6.61 crore, as compared with net profit of Rs.0.19 crore on operating income of Rs.2.79 crore in FY2012–13. CIPL's net worth stood at Rs.0.98 crore as on March 31, 2014, as compared with Rs.0.56 crore a year earlier.

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