



Press Release

Earth Water Limited

March 2, 2021

Ratings

Facilities	Amount (INR crore)	Current Ratings	Rating Action
Fund Based Facilities	54.00 (including proposed limits of INR37 Crore)	IVR D ISSUER NOT COOPERATING*	Reaffirmed and moved to ISSUER NOT COOPERATING category
Non Fund Based Facilities	112.00 (including proposed limits of INR40 Crore)	IVR D ISSUER NOT COOPERATING*	Reaffirmed and moved to ISSUER NOT COOPERATING category
Total	166.00		

**Issuer not cooperating, based on best available information*

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating action to the bank facilities of Earth Water Limited reflects lack of adequate information available about the performance of the company and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating.

Note on non-cooperation

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide mail communications dated February 17, 2021; February 22, 2021 and February 24, 2021 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not



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submitted the essential details and fees for surveillance exercise. Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long term and short term ratings for the bank loan facilities aggregating to INR166.00 Crore of Earth Water Limited shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as IVR D: Issuer Not Co-operating; based on best available information.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Guidelines on what constitutes Non-Cooperation by Clients

Default Recognition Policy

About the Company

Earth Water Limited (EWL, erstwhile Fontus Water Private Limited) effectively commenced operations from 2001, which primarily consists of supplying various types of water treatment plants and equipments, and undertaking EPC projects for recycling waste water, which includes use of Zero Liquid Discharge, Desalination and other advanced techniques to make water fit for industrial use and for human consumption. The promoter group led by Mr. Sunil Ghorawat hold about 35% of EWL, while other entities including Aqua Nova Investments Holdings Pte. Ltd. (Investment Company of CLSA group) hold the balance through their investment vehicle.

Financials*

(INR crore)

For the year ended / INR. Crore	31-03-2017	31-03-2018
	Audited	Audited
Total Income	361.00	433.27



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EBITDA	34.64	58.41
PAT	12.15	27.65
Tangible Net Worth	123.37	151.03
Total Debt	87.81	130.24
Ratios		
EBITDA Margin (%)	9.60	13.48
PAT Margin (%)	3.37	6.38
Overall Gearing ratio (x)	0.71	0.86

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Brickworks in its Press Release dated March 20, 2020 has categorized Fontus Water Pvt Ltd (earlier name) into Issue Not Cooperating category based on non-availability of information from the company.

Any other information: None

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Type	Current Rating (Year 2020-21)		Rating History for the past 3 years		
			Amount outstanding (INR crore)	Assigned Rating	Date(s) & Rating(s) assigned in 19- 20 (March 4, 2020)	Date(s) & Rating(s) assigned in 18-19 (March 09, 2019)	Date(s) & Rating(s) assigned in 18-19 (May 31, 2018)
1.	Fund Based Facilities	Long Term	54.00 (including proposed limits of INR37 Crore)	IVR D ISSUER NOT COOPERATING	IVR D	IVR BBB / Stable Outlook	IVR A- / Stable Outlook
2.	Non Fund Based Facilities	Short Term	112.00 (including proposed limits of INR40 crore)	IVR D ISSUER NOT COOPERATING	IVR D	IVR A3+	IVR A2+

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.



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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Fund Based Facilities	--	--	--	54.00	IVR D ISSUER NOT COOPERATING
Non Fund Based Facilities	--	--	--	112.00	