April 09, 2021

Va Tech Wabag Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based Working Capital	476.50	476.50	[ICRA]A(Negative); withdrawn
Long-term/Short-term Non-fund-based facilities	2899.38	2899.38	[ICRA]A(Negative)/[ICRA]A2+; withdrawn
Long-term/Short-term Unallocated facilities	624.12	624.12	[ICRA]A(Negative)/[ICRA]A2+; withdrawn
Total	**4000.00**	**4000.00**	

**Instrument details are provided in Annexure-1*

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Va Tech Wabag Limited (WABAG) at the request of the company and based on the no-objection certificates/no-dues certificates (as applicable) received from its bankers. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: **Click here**

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA's Policy on Withdrawal of Credit Ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financials of the entity. Details of the subsidiaries, associates and joint ventures whose financials have been consolidated are listed in Annexure-2

About the company

Incorporated in 1996, WABAG provides turnkey solutions for water and waste water treatment to municipal and industrial segments. The company undertakes turnkey contracts for design, engineering, procurement, construction, erection, commissioning and operation and maintenance of water and waste water treatment plants. The company has presence across India, North Africa, Middle East, China, and South East/Central/Eastern Europe and is one of the leading water management solutions provider across the world.

Key financial indicators (audited)

WABAG Consolidated	FY2019	FY2020
Operating Income (Rs. crore)	2,781.0	2,557.2
PAT (Rs. crore	85.9	79.2
OPBDIT/OI (%)	7.0%	8.5%
PAT/OI (%)	3.1%	3.1%
Total Outside Liabilities/Tangible Net Worth (times)	2.4	2.4
Total Debt/OPBDIT (times)	3.2	2.4
Interest Coverage (times)	2.6	2.0

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Rating (FY2022)					Chronology of Rating History for the past 3 years					
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Mar 31, 2021 (Rs. crore)	Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019			Date & Rating in FY2018	
					Apr 9, 2021	Apr 6, 2020	Oct 22, 2019	Feb 22, 2018	Jul 27 , 2018	Jul 6, 2018	Mar 30, 2018 Oct 27, 2017	Oct 11, 2017
1	Long-term fund based Facilities	Long-term	476.50	-	[ICRA]A (Negative) withdrawn	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]AA- (Negative)	[ICRA]AA- (Negative)	[ICRA]AA- (Stable)	[ICRA]AA- (&); Rating watch with developing implications)
2	Non-fund based facilities	Long-term and short term	2899.38	-	[ICRA]A (Negative)/ [ICRA]A2+ withdrawn	[ICRA]A (Negative)/ [ICRA]A2+	[ICRA]A+ (Negative)/ [ICRA]A1	[ICRA]A+ (Negative)/ [ICRA]A1+	[ICRA]AA- (Negative/ [ICRA]A1+	[ICRA]AA- (Negative)/ [ICRA]A1+	[ICRA] A1+	[ICRA]A1+; Rating watch with developing implications
3	Unallocated facilities	Long-term and short term	624.12	--	[ICRA]A (Negative)/ [ICRA]A2+ withdrawn	[ICRA]A (Negative)/ [ICRA]A2+	[ICRA]A+ (Negative)/ [ICRA]A1	[ICRA]A+ (Negative)/ [ICRA]A1+	[ICRA]AA- (Negative)/ [ICRA]A1+	[ICRA]A1+		[ICRA]A1+; Rating watch with developing implications

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website click here

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit Facilities	NA	NA	NA	476.50	[ICRA]A(Negative) withdrawn
NA	Bank Guarantee/Letter of Credit Facilities	NA	NA	NA	2899.38	[ICRA]A(Negative)/[ICRA]A2+ withdrawn
NA	Unallocated Facilities	NA	NA	NA	624.12	[ICRA]A(Negative)/[ICRA]A2+ withdrawn

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

Company Name	LTHL Ownership	Consolidation Approach
Va Tech Wabag Limited	100.00% (rated entity)	Full Consolidation
VA Tech Wabag (Singapore) Pte Ltd	100.00%	Full Consolidation
VA Tech Wabag (Philippines) Inc	100.00%	Full Consolidation
VA Tech Wabag Limited Pratibha Industries Limited JV	100.00%	Full Consolidation
Wabag Limited	90.60%	Full Consolidation
Wabag Muhibbah JV SDN BHD	70.00%	Full Consolidation
VA Tech Wabag GmbH	100.00%	Full Consolidation
Wabag Wassertechnik AG	100.00%	Full Consolidation
VA Tech Wabag Deutschland GmbH	100.00%	Full Consolidation
VA Tech Wabag Brno spol S.R.O	100.00%	Full Consolidation
Wabag Water Services s.r.l	100.00%	Full Consolidation
VA Tech Wabag Tunisie s.a.r.l.	100.00%	Full Consolidation
VA Tech Wabag Su Teknolojisi Ve Tic. A S	100.00%	Full Consolidation
VA Tech Wabag Muscat LLC	70.00%	Full Consolidation
Wabag Operation and Maintenance W.L.L.	60.00%	Full Consolidation
VA Tech Wabag and Roots Contracting L.L.C. – Project I	60.00%	Full Consolidation
Wabag Belhasa JV WLL	100.00%	Full Consolidation
Va Tech Wabag Brazil Servicos De Agua E Saneamento LTDA	100.00%	Full Consolidation
Ganga STP Project Private Limited	100.00%	Full Consolidation
DK Sewage Project Private Limited	100.00%	Full Consolidation
Windhoek Goreangab Operating Company (Pty) Limited	33.00%	Equity Method
VA Tech Wabag and Roots Contracting L.L.C. – Project II	49.00%	Equity Method
VA Tech Wabag and Roots Contracting L.L.C. – Project III	25.00%	Equity Method
International Water Treatment LLC	32.50%	Equity Method

Source: *WABAG annual report FY2020*

Note: *ICRA has taken a consolidated view of the parent (WABAG), its subsidiaries and associates while assigning the ratings.*

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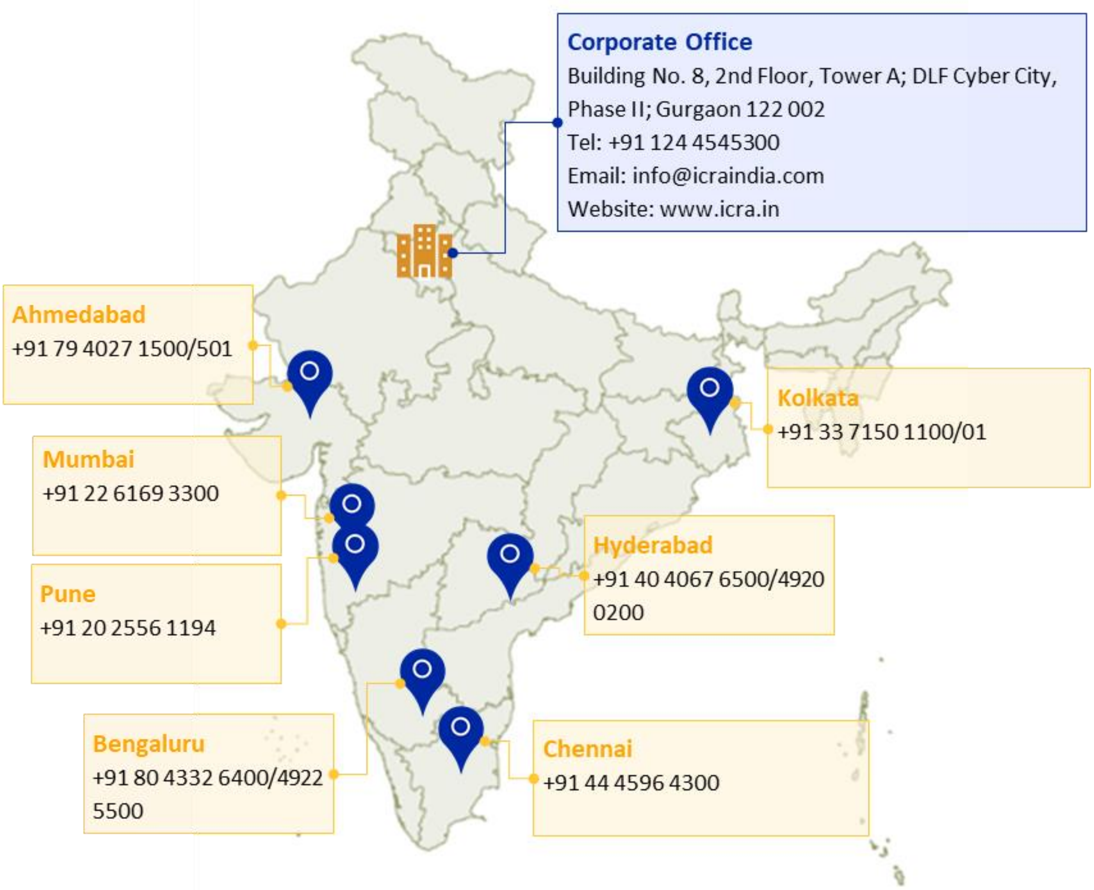

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