



Rating Rationale

AV Science & Technologies Pvt. Ltd.

22 Sep 2017

Brickwork Ratings assigns ratings for the Loan facilities aggregating Rs. 10.00 Crores of AV Science & Technologies Pvt. Ltd.

Particulars:

Facility	Rated Amount(In Crs)	Tenure	Rating Recommended
Fund Based – Cash Credit	2.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable
Proposed Cash Credit	3.00		
Non Fund Based – Bank Guarantee	2.00	Short Term	BWR A4(Pronounced as BWR Single A Four)
Letter of Credit	1.00		
Proposed Letter of Credit	0.50		
Proposed Bank Guarantee	1.50		
Total	10.00	Rupees Ten Crores Only	

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials for FY15 to FY17 & Projected FY 18 and publicly available information and information / clarifications provided by the management of the company.

The rating has inter – alia factored in the experience of directors, Pan India spread with reach to clients of remote areas, adequate liquidity, comfortable debt protection matrices. However, the rating is constrained by small scale of operations, highly competitive industry, high gearing ratio and tender based business.

Key Rating Drivers

Credit Strengths

- **Industry experience of Directors** – The directors of company are qualified and have experience in the line of business for more than 15 years.
- **Comfortable Debt protection** – Company has comfortable debt protection matrices with ISCR of 2.11x and DSCR of 2.12x as on 31.03.2017 which reflects its ability to service debt on time.



- **Adequate Liquidity** - As per the Audited FY 17, the company has adequate liquidity position as current ratio stood at 1.32X and improved conversion cycle of 31 days as compared to 84 days in FY 16.

Credit Weakness

- **Intensely competitive nature of the industry** - The industry is highly competitive and characterized by the presence of a large number of players and government contracts being acquired through e-tendering.
- **High Gearing Ratio** – Company's gearing ratio in FY 17 stood at 3.67x which indicates the risky profile as the tangible net worth is on lower side.

Rating Outlook: Stable

BWR believes the AV Science & Technologies Pvt. Ltd.'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case there is a sustained improvement in the revenues and profits of the company. The rating outlook may be revised to 'Negative' if the revenues and profits reduce due to non-implementation of the same.

About the Company

ASTPL incorporated in 1997, designs and installs AV systems. It integrates audio, video, displays, LCD TVs, lightning equipment and system controls for applications such as interactive board rooms, conference rooms, auditorium, training rooms, etc. The company's clientele include government departments, institutional and private clients; its government clients include public works departments, central Public works department, RITES Ltd etc. Company has its registered office at Y-49, Lower Ground Floor, Hauz Khas, New Delhi.

Mr. Gopi Ram Malik and Mrs. Harpreet Malik are the directors of the company.

Company Financial Performance



Key Parameters		FY16 (Audited)	FY17 (Audited)
Operating Income	Cr	11.54	22.33
EBITDA	Cr	0.78	0.93
PAT	Cr	0.30	0.36
TNW	Cr	3.12	3.48
D:E(TOL/TNW)	times	1.40	3.67
Current Ratio	times	1.84	1.32

Status of non-cooperation with previous CRA: ICRA has suspended the company's rating vide its press release dated July 11th, 2016 on account of non-cooperation by the client in providing the required information to complete the review process.

Facility	Tenure	Rating Assigned (2017)		Rating History		
		Rated Amount (In Crs)	Rating Recommended	2016	2015	2014
Fund Based – Cash Credit	Long Term	2.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable	NA	NA	NA
Proposed Cash Credit		3.00		NA	NA	NA
Non Fund Based – Bank Guarantee	Short Term	2.00	BWR A4(Pronounced as BWR Single A Four)	NA	NA	NA
Letter of Credit		1.00		NA	NA	NA
Proposed Letter of Credit		0.50		NA	NA	NA
Proposed Bank Guarantee		2.00		NA	NA	NA
Total		10.00	Rupees Ten Crores Only			

Rating History for the last three years (including withdrawn/suspended ratings)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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