



## Rating Rationale

Aavishkar Online Lottery Agency Pvt Ltd

23<sup>rd</sup> November 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 3.02 Crs of Aavishkar Online Lottery Agency Pvt Ltd (AOLAPL).

### Particulars

Bank Facility Rated	Sanctioned Limit (Rs. Crs)	Tenure	Rating <sup>1</sup>
<b><u>Fund Based</u></b>			
Term Loan	3.02	Long Term	<b>BWR B+</b> (Pronounced as BWR Single B Plus) <b>Outlook: Stable</b>
<b>Total</b>	<b>Rs. 3.02 Crores (Rupees Three Crores and Two Lakhs Only)</b>		

<sup>1</sup>For definitions of the rating symbol please visit our website [www.brickworkratings.com](http://www.brickworkratings.com)

### Rating Assigned:

Brickwork Ratings (BWR) has assigned the rating for Bank Loan Facilities of Rs. 3.02 Crs of Aavishkar Online Lottery Agency Pvt Ltd ('AOLAPL' or 'the company').

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company up to FY17, projected financials till FY19 and publicly available information and information/clarifications provided by the management.

The rating continues to factor, inter- alia, promoters experience in the online lottery industry, established track record of operations, high potential for internet and mobile phone based lottery and year on year increase in total operating income. However, the ratings are constrained by inherent regulatory risk associated with the industry, low net worth and competition from other players in the industry. Going forward, the ability of the company to improve capital levels and improve profitability margins would be key rating sensitivities.

### Key Rating Drivers:

**Experienced management :** The promoters of the company have over a decades experience in insulated cable manufacturing industry.

**Increase in total operating income:** In FY17 the total operating income has increased to Rs. 360.27 Crs from Rs. 324.15 Crs in FY16.

**Low debt:** The company has low external debt of Rs. 3.02 Crs and the networth of the company stands at Rs. 2.41 Crs as on 31<sup>st</sup> March 2017.

**High competition and inherent regulatory risk:** High number of operators in the market makes the sector competitive. The lottery industry is exposed to high regulatory risk. At present, the lotteries are operated by 7 states I.e Sikkim, Mizoram, Goa, Maharashtra, Meghalaya, Punjab and Nagaland .

**Low Tangible net worth :** Considering the scale of operations the company's tangible net worth is low.

**Analytical Approach:**

Rating Criteria links are given in the end.

**Rating Outlook: Stable**

BWR believes **Aavishkar Online Lottery Agency 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 the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

**About the Company :**

The company is a licenced channel partner of Rajeshree Online lottery and Maharashtra Rajya Online lottery services in Mumbai, Maharashtra. It is the flagship company of Aavishkar group in online lottery business. The Aavishkar Group was established by Mr. Ashrunath Ambekar and it is equipped with its good infrastructure facilities in Navi Mumbai.

**Company Financial Performance :**

In FY17 the company achieved Net Sales of Rs. 360.27 Crs. The Tangible Net Worth stood at Rs. 2.41 Cr as on 31st March, 2017. The Debt/Equity ratio stood at 0.88X as on FY17.

**Key Financial ratios:**

Particular	FY 2015-16	FY 2016-17
Net Sales (Rs Cr)	324.15	360.27
EBITDA (Rs Cr)	1.36	1.15
Tangible Net Worth (TNW) (Rs Cr)	1.88	2.41
Total Debt/TNW	1.48X	0.88X
Current Ratio	0.43X	0.45X

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amt (Rs Crs)	Rating	2016	2015	2014
	Term Loan	Long Term	3.02	<b>BWR B+/Stable</b>	-	-	-
<b>Total</b>			<b>Rs. 3.02 Crores (Rupees Three Crores and Two Lakhs Only)</b>				

**Status of non-cooperation with previous CRA - Not Applicable**

<b>Hyperlink/Reference</b>	<b>to</b>	<b>applicable</b>	<b>Criteria</b>
• <a href="#">General Criteria</a>		• <a href="#">Service Sector</a>	
• <a href="#">Approach to Financial Ratios</a>		• <a href="#">Short Term Debt</a>	

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**For print and digital media**

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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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