

Rating Rationale

Aditya Precitech Private Limited

31 Jul 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 7.15 Crores of Aditya Precitech Private Limited (APPL or 'the company').

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2017)	Present
Fund based Cash Credit Term Loans	3.00 2.59	3.00 0.90[#]	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable [Reaffirmed]
Non Fund Based Bank Guarantee	3.25	3.25	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) [Reaffirmed]
Total	8.84	7.15	INR Seven Crores and Fifteen Lakhs Only		

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

Note: Moved to Rating Not Reviewed on 7.Aug.2018; # Term Loans - Outstanding amount as on 26.7.2019

Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY18, provisional for FY19, projected financials upto FY21, publicly available information and the information/clarifications provided by the management.

The reaffirmation of the rating has factored the company's stability in their financial performance over a period of time. The rating draws strength from the established presence of the firm and extensive experience of the management, relationship with reputed clientele and moderate interest coverage ratio. However, the ratings are constrained by modest scale of operations, average financial risk profile and highly competitive nature of the industry.



Going forward, the ability of the company to enhance its scale of operations with increased revenues, profitability margins, manage working capital efficiently and timely payment of debt obligations will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- Established track record in the business as the company is active since 1994
- Management has extensive experience in the engineering industry which has helped to understand market dynamics and establish a relationship with customers & suppliers, resulting in repeat orders
- The company has reputed clients include laboratories that form a part of Indian Space Research Organization (ISRO), Defence Research and Development Organization (DRDO), ASL, RCI, NSTL, HEMRL and HAL
- The firm has moderate ability to pay its obligations from operating profit, indicated by ISCR at 2.65x in FY18

Credit Risks:

- Revenue remains modest with thin profitability margins
- Average financial risk profile reflected by high gearing at 1.31 times with low debt coverage ratio at 0.63 times in FY18 and low net-worth of Rs. 6.08 Crs in FY18, considering years of existence
- Competition from large number of organized and unorganized players in the region

Liquidity profile: The company's has comfortable liquidity profile is driven by current ratio of 1.02x and interest coverage of 2.65x in FY18 and average CC Utilization for the last six months as per the banker feedback stands at 89%

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Aditya Precitech Private Limited** 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

Aditya Precitech was established in the year 1994 as a partnership firm and subsequently the firm was reconstituted as a private limited company in the name of Aditya Precitech Private Limited in 2004. Company is located at Hyderabad and APPL is promoted by Mr. K.N.Venkateswara Rao and Mr. R.V.K.Kishore. AAPL is engaged in the manufacture of precision engineering components and sub-assemblies for the aerospace, defence and specialised industries. The clients include laboratories that form a part of Indian Space Research Organization (ISRO), Defence Research and Development Organization (DRDO), ASL, RCI, NSTL, HEMRL and HAL.

Company Financial Performance

The company has reported a total operating income of Rs.20.80 Crores in FY18 and Rs.17.78 Crores in FY17. Operating and net profit margins reported at 16.63% and 1.60% in FY18 as against 16.62% and 1.47% in FY17. Tangible net-worth stood at Rs.6.08 Crs as on Mar 31, 2018. Based on the provisional, revenue achieved for FY19 is Rs.15.69 Crores.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	7.8.2018	20.2.2017	2016
1	Fund Based	Long Term	3.90	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable [Reaffirmed]	Rating Not Reviewed	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable	-
2	Non Fund Based	Short Term	3.25	BWR A4 (Pronounced as BWR A Four) [Reaffirmed]		BWR A4 (Pronounced as BWR A Four)	
Total			7.15	₹ Seven Crores and Fifteen Lakhs Only			

Status of non-cooperation with previous CRA - CRISIL suspended the rating on Dec 28, 2016 is on account of non - cooperation by APPL

Any other information - Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs In Crores	20.80	17.78
EBITDA	Rs In Crores	3.46	2.96
PAT	Rs In Crores	0.33	0.26
Tangible Net worth	Rs In Crores	6.08	5.75
Total Debt/Tangible Net worth	In Times	1.31	1.77
Current Ratio	In Times	1.02	0.87

**Annexure - I
Bankwise Facilities**

Name of the Bank	Facilities	Tenure	Amount (In Crs)	
			Previous	Present
Punjab National Bank	Cash Credit	Long Term	3.00	3.00
	Term Loans		2.59	0.90
	Bank Guarantee	Short Term	3.25	3.25
Total			8.84	7.15

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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