

Rating Rationale

Brickwork Ratings assigns 'BWR BB & A4+' for the Bank Loan Facilities (existing and proposed) amounting to ₹ 56.73 Cr of Analogics Tech India Ltd

Brickwork Ratings has assigned **Ratings¹** for the bank loan facilities (existing and proposed) of Rs 56.73 Crores (Rupees Fifty Six Crores and Seventy Three Lakhs Only) of Analogics Tech India Ltd ("ATIL" or "the Company") as follows:

Facilities	Amount (₹ Cr)	Tenure	Rating
Fund based: Open Cash Credit OCC (Adhoc limit) Term Loan O/S Proposed Term Loan Proposed Open Cash Credit	18.00 3.60 1.73 0.90 5.00	Long Term	BWR BB [Pronounced BWR Double B] (Outlook: Stable)
Non Fund based: Bank Guarantee LC (Inland/ Foreign)/ Buyer's Credit	20.00 7.50	Short Term	BWR A4+ [Pronounced BWR A Four Plus]
Total	56.73	INR Fifty Six Crores and Seventy Three Lakhs Only	

Note 1: Sub-limits under OCC- CBP/DBP of Rs 2.00 Crs; Packing Credit/ FBP/FUBD of Rs 3.00 Crs

Note 2: Sub-limits under LC (Inland/ Foreign)/ Buyer's Credit- Buyer's Credit of Rs 5.00 Crs

BWR has principally relied upon the audited financial results upto FY15, provisional financials of FY16, projected financials of Analogics Tech India Ltd upto FY17, publicly available information and information/clarifications provided by the Company.

The rating factors, inter alia, the experienced management, established track record of business operations and the clientele especially state power utilities. The ratings are, however constrained by the moderate scale of business operations, high receivables leading to stretched working capital cycle and intensely competitive and fragmented industry.

Background

Incorporated on 10th November 1994 at Hyderabad, Analogics Tech India Ltd (ATIL) is engaged in the manufacturing & supplying of sophisticated hand held computers to various power distribution companies for billing applications in India. The Company supplies Billing Applications, Wireless data communication and Power Distribution Automation products to the

¹ Please refer to www.brickworkratings.com for definition of the Ratings

various power utilities across the country and abroad. The Company deals in the following products- Hand held computers, Hand held computers with Biometrics, AMR/ AMI, Common Meter Reading Instrument (CMRI), Finger Print Matching Algorithm, Solar products, Embedded solutions, Cell Tower Monitoring unit, Vehicle Tracking Device, Blue Tooth Printers and E-Beat. Sale of products contributed 92% to Company's total sales in FY16 followed by sale of services (8%).

The Company is ISO 9001:2008 certified. The Company caters majorly to Govt. enterprises (95% of contribution to total sales) followed by private parties (5%). The Company has 8 Branch offices & 17 service centers across India. ATIL also provides turnkey solutions to core sectors such as - Electricity, Water, Transportation, Banking, Financial Inclusion, Solar Power, Police, Public Distribution System (PDS), Insurance utilities, etc. both in India and various countries of Asia and Africa. ATIL also supplies Bus Ticketing machines and Spot Billing Machines in India, and has supplied more than 5,00,000 hand held terminals in India till date.

Hyderabad based Analogics Group comprises three main business entities- Analogics Tech India Ltd, C2P Engineering Solutions Pvt. Ltd (engaged in manufacturing of mould and plastic components, ribbon, cartridges, aluminum profiles, aluminum working tables etc) and Secure Data Products Ltd (engaged in the business of providing after sale services of all the products manufactured by the Group). At consolidated level, Net sales and Profit after tax (PAT) stood at Rs 92.50 Crs and 7.83 Crs respectively for FY16 (Provisional).

Management Profile

Mr. M Surender Reddy is the Managing Director. Mr. B Maruthy and Mr. D. Prashanth are the Directors. All the Directors are well experienced in the Electronic manufacturing industry.

Financial Performance

Net sales increased to Rs 73.39 Crs in FY15 from Rs 60.45 Crs in FY14. Profit after tax (PAT) also improved to Rs 1.56 Crs in FY15 from Rs 0.96 Crs in FY14. Total O/s Debt stood at Rs 28.27 Crs as on March 31, 2016 (Provisional). Net worth was Rs 41.16 Crs as on 31st March 2016 (provisional). Total debt/ tangible net worth stood at 0.69 times as on March 31, 2016 (Provisional). Total Receivables were Rs 56.31 Crs as on March 31 2016 (Provisional). The Company's receivables were stretched at around 215 days in FY16 mainly because of delayed payments from Government customers.

On a provisional basis, the Company has achieved net sales and PAT of Rs 92.20 Crs and 7.32 Crs respectively for FY16. Higher profits were mainly on account of improved sales & services.

Rating Outlook

The rating outlook is expected to be stable over the current year.

Going forward, the ability of the Company to increase its scale of operations profitably, strengthen its liquidity position, improve its receivables position, meet its debt obligations in a timely manner and manage its working capital effectively would be the key rating sensitivities.

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