



Rating Rationale

Apoorva IT Solutions Pvt. Ltd.

19 Sep 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 10.00 Crores of Apoorva IT Solutions Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: Cash Credit	4.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook:Stable)
Non Fund Based: Bank Guarantee Letter of Credit	2.50 3.50	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)
Total	10.00	INR 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 financial statement upto FY17 ,Provisional FY18 and Projections financials upto FY20 and publicly available information and information/clarifications provided by the Company.

The ratings draw comforts from experience of the management more than two decades in the industry and relationships with customers and suppliers, increasing top line YOY, Moderate financial risk profile, Moderate debt coverage indicator.However the assigned rating is primarily constrained by low networth,working capital intensive nature of operations & Exposure to intense competition and dependency on government bodies.

Description of Key Rating Drivers

Credit Strengths:

- Increase in sales though marginal , to Rs. 33.68 Cr. in FY18(Prov.) against Rs. 29.93 Cr. in FY17.
- Gearing is moderate with TD/TNW of 1.09 times in FY17 which improved to 0.94 times in FY18(Prov.).
- Management has more than two decades of experience and have established healthy clientele.

Credit Risks:

- Net Worth is low with TNW of Rs. 5.55 Cr. in FY17.
- Exposure to intense competition and dependency on government bodies
- Operations are working capital intensive marked by GCA days of 274 days.



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 **Apoorva IT Solutions Pvt. Ltd.** 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

Apoorva IT Solutions Pvt. Ltd., based in Hyderabad, was established in the year 1998. They offer Integrated IT solutions and services to the defence, public sector units and corporate companies. It is an ISO 9001:2015 certified company managed by K. Muralidhar Reddy and K. Rekha who have over two decades of experience and have established clientele that comprises of government agencies such as Research Centre Imarat (A defence Org.), Defence Research & Development Laboratory, Defence Electronics, Research Laboratory (DLRL), Bharat Dynamics Ltd.(PSU), Advance Systems Laboratory, ANURAG, PGAD, ADA, Electronics Corporation of India Ltd (PSU), Bharat Electronics Ltd. (PSU), National Remote Sensing Centre, Hindustan Aeronautics Ltd., National Thermal Power Corporation, South Central Railways etc. Also, they have tie-ups with brands like HP, Cisco, Microsoft, Red Hat, Symantec, Panasonic, Crystal Group Inc, Accumentrics Rups, VT Miltope, etc. for providing branded hardware and software services.

Company Financial Performance

Net Sales has increased from ₹20.57Cr in FY16 to ₹29.93Cr in FY17. As per Provisional financials provided by Apoorva IT Solutions Pvt. Ltd as on 31/3/2018 Revenue is ₹33.68 Crs.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	4.00	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook:Stable)	-	-	-
2	Non Fund Based	Short Term	6.00	BWR A4+ (Pronounced as BWR A Four Plus)	-	-	-
	Total		10.00	₹ Ten Crores Only			



Status of non-cooperation with previous CRA (if applicable)-Reason and comments:NA
 Any other information:NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	29.93	20.57
EBITDA	₹ Cr	1.74	0.45
Tangible Net worth	₹ Cr	5.55	4.48
Total Debt/Tangible Net worth	Times	1.09	1.32
Current Ratio	Times	1.46	1.28

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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 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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.