



## Rating Rationale

Ami Tech (India) Pvt. Ltd.

28 June 2019

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 25.00 Crores of Ami Tech (India) Pvt. Ltd.**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Sep, 2017)	Present (Downgradation)
Fund based	5.00	5.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Non Fund Based	20.00	20.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4 (Pronounced as BWR A Four)
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	<b>INR Twenty Five Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Downgraded

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

BWR has essentially relied upon Ami Tech (India) Pvt Ltd(ATPL) Audited Financial Statements from FY16 to FY18 for ease in understanding and comparison. ATPL has also provided the provisional financial statements for FY19, and projected financial statements for FY20 & publicly available information and information / clarification provided by the ATPL management.

The ratings assigned to the bank facilities of ATPL draws strength from extensive experience of the promoters, diversified product portfolio, moderate level of TNW, above average liquidity profile.

The ratings are however constrained by declining scale of operations, stretched gearing, weak coverage ratios, weak profitability margins, stretched working capital requirements.

Going forward the firm's ability to improve the scale of operations, improve and maintain profitability, the debt servicing capability & liquidity will be the key rating sensitivities.



## Description of Key Rating Drivers

- **Credit Strengths:**

**Extensive experience of the promoters:** The management has an experience of over a decade in the same industry.

**Diversified product portfolio:** Moderately diversified product portfolio with several products like: Data Collection & Transmission Device (DCT 90), Automatic Meter Reader ARG 45, AMI Tech's Data Concentrator Unit DCU-0720, Remote Terminal Unit (RTU) and geographically spread customer and supplier portfolio.

**Moderate level of TNW:** Moderate level of TNW at Rs 23.13 Cr in Fy18 as compared to Rs 22.92 Cr in Fy17 as a result of ploughing back of profits.

**Above average liquidity profile:** Above average liquidity with the current ratio standing at 4.14x in Fy18 as compared to 3.77x in FY17 but ATIPL has majority of their monies tied up in receivables more than 6 months, hence the recalculated current ratio stands at 2.11x in FY18 and 2.13x in FY17 which is still comfortable.

- **Credit Risks:**

**Declining scale of operations:** Continuously declining scale of operations with the TOI dropping to Rs 15.49 cr in FY18 as compared to Rs 20.17 Cr in Fy17. Till March 2019 the company registered a revenue of Rs 11.87 Cr.

**Stretched gearing:** Stretched gearing with the total debt/ TNW and TOL/TNW standing at 3.03x and 3.65x respectively in Fy18 as compared to 3.05x and 3.96x respectively in FY17.

**Weak coverage ratios:** Low coverage ratios with the ISCR & DSCR standing at 0.22x and 0.25x respectively in Fy18 as compared to 0.61x and 1.91x respectively in Fy17 which is due to the low levels of profit.

**Weak profitability margins:** Decline in the profit margin to 1.38% in Fy18 as compared to 7.77% in Fy17 due to the declining revenues.



**Stretched working capital cycle:** Stretched working capital cycle with high conversion of 1569 days due to sticky debts of more than 6 months.

**Liquidity approach:** The current ratio of the company stands at 4.14x in FY18. The cash and cash equivalents stand at Rs 8.59 Cr in FY18. The average CC utilization for the past 6 months is 93.75%.

### **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 **Ami Tech (India) 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**

Ami Tech India Pvt Ltd (ATIPL) was incorporated in 1995 by its promoters. It's a product engineering company providing end to end solutions for automation in the power and utility space. ATIPL has diversified into hardware, software, networking, maintenance, and support for core IT infrastructure development, management and support projects , thus making it a single point agency for comprehensive system integration.

### **Company Financial Performance**

During FY17, the total operating income of the company stood at Rs.20.17 crore (vis-à-vis Rs.15.49 crore in FY18), whereas the PAT during the same year stood at Rs.1.57 crore (vis-à-vis Rs 0.21 crore in FY18). DSCR stood at 1.91 Times in FY17 as compared to 0.25 Times in FY18. In FY19 the company registered a revenue of Rs 11.87 Cr and the TNW stands at Rs 17.29 Cr.



### Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based	Long term	5.00	<b>BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable</b>	Rating not reviewed	<b>BWR BB (Pronounced as BWR Double B) Outlook: Stable</b>	<b>Not Rated</b>
2	Non Fund Based	Short Term	20.00	<b>BWR A4 (Pronounced as BWR A Four)</b>	Rating not reviewed	<b>BWR A4+ (Pronounced as BWR A Four Plus)</b>	<b>Not Rated</b>
	<b>Total</b>		<b>25.00</b>	<b>₹ Twenty Five Crores Only</b>			

Status of non-cooperation with previous CRA (if applicable)- NA

Any other information

### Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	15.49	20.17
EBITDA	₹ Cr	0.49	1.30
PAT	₹ Cr	0.21	1.57



Tangible Net worth	₹ Cr	23.13	22.92
Total Debt/Tangible Net worth	Times	3.03	3.05
Current Ratio (adjusted)	Times	2.11	2.13

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [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](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, 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.

### **DISCLAIMER**

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