

## Rating Report

**Brickwork Ratings assigns 'BWR A-/A1' with a Stable Outlook for the Bank Loan Facilities aggregating to Rs.196 Crs of Aditya Infotech Limited (AIL or The Company).**

Brickwork Ratings (BWR) has assigned the following Ratings<sup>1</sup> for bank loan facilities of Aditya Infotech Limited (*AIL or The Company*).

Facility	Limits (In Rs. Crs.)	Tenure	Rating
<b><u>Fund Based</u></b> Term Loan	<b>6.00</b>	<b>Long Term</b>	<b>BWR A-</b> (Pronounced BWR A Minus)  <b>Outlook - Stable</b>
<b><u>Non Fund Based</u></b> Short Term Trade Credit (STTC)  Standby Letter of Credit	<b>175.00</b>  <b>15.00</b>	<b>Short Term</b>	<b>BWR A1</b> (Pronounced BWR A One)
<b>Total Limits</b>	<b>196.00</b>	<b>(INR One Hundred Ninety Six Crores Only)</b>	

<sup>1</sup>Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the rating assigned.

BWR has principally relied upon the audited financial results up to FY 15, provisional financials for FY 16, projections till FY 18 and publicly available information and information/clarifications provided by the company management.

The rating has inter-alia factored in the qualified and experienced management, consistent growth in the revenues, modest debt coverage indicators, a strong market position, increased market penetration through its well established distributor network all over the country. However, the rating is constrained by lower levels of profitability, exposure to foreign currency risks, threats from constant innovations in the field of technology as well as working in a highly fragmented and unorganised sector.

### Company Profile:

Aditya Infotech Limited, the flagship company of the Aditya Group was incorporated on 27<sup>th</sup> March 1995 having its corporate office in Noida. It was founded by Mr. Aditya Khemka, who has vast experience in line of distribution, ranging from computer hardware to electronic security technology products. AIL is primarily engaged in trading of security products such as CCTV camera, DVR, video door phone, digital safe etc. AIL’s indigenous brand, “CP Plus” is one of the fastest growing brands in video surveillance in India with an estimated market share of over 35% and further steps are being taken to enhance the brand recall through out-of-home as well as television ad campaigns. The company caters to the demand through its channel partners across the country.

### Financial Performance:

As per provisional financials, AIL’s revenues increased 46% in FY 16, with surveillance products contributing almost 95% of the total revenues. Profitability, both at EBITDA and PAT margins, remained flat at 5.74% and 1.89% respectively, primarily as a result of increased branding exercise. Tangible Net worth of the company increased to Rs. 68.25 crs from Rs. 54.49 crs in FY 15, while, debt reduced to Rs. 145.69 crs from Rs. 150.73 crs in FY 15, thus improving the capital structure with the gearing ratio at 2.13x in FY 16 from 2.77x times in FY 15. Debt coverage ratios of ISCR and DSCR are moderate at 2.81x & 1.71x respectively. Working Capital cycle improved to 81 days in FY 16 from 92 days due to decrease in receivables days.

### Rating Outlook:

The outlook for the company over the year is stable. Going forward, company’s ability to improve its capital structure, realise the tangible monetary benefits of its increased branding costs, improve profitability, manage its foreign exchange risks and affirmation of provisional numbers remain the key rating sensitivities.

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## Annexure I: Abridged Profit & Loss

Particulars	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18
<b>Result Type</b>	(Audited)	Provisional	(Projected)	(Projected)
<b>Net Sales</b>	<b>525.38</b>	<b>766.12</b>	<b>1050.00</b>	<b>1650.00</b>
Other Operating Income	0.00	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>525.38</b>	<b>766.12</b>	<b>1050.00</b>	<b>1650.00</b>
Operating Expenses	486.09	722.12	963.46	1512.05
<b>OPBDIT</b>	<b>39.29</b>	<b>44.00</b>	<b>86.54</b>	<b>137.95</b>
Depreciation/Amortization/Impairment	3.69	3.07	3.50	3.00
<b>OPBIT</b>	<b>35.60</b>	<b>40.93</b>	<b>83.04</b>	<b>134.95</b>
Interest and Finance Charges	13.80	15.64	24.00	38.60
<b>OPBT</b>	<b>21.80</b>	<b>25.29</b>	<b>59.04</b>	<b>96.35</b>
Non-Operating Income (Expenses)	1.34	(3.63)	2.00	2.50
<b>PBT</b>	<b>23.14</b>	<b>21.66</b>	<b>61.04</b>	<b>98.85</b>
Provision for Taxes	8.61	7.15	15.26	25.00
<b>PAT</b>	<b>14.53</b>	<b>14.51</b>	<b>45.78</b>	<b>73.85</b>
<b>Cash Accruals</b>	<b>18.22</b>	<b>17.58</b>	<b>49.28</b>	<b>76.85</b>

## Annexure II: Balance Sheet

Particulars	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18
<b>LIABILITIES</b>				
<b>Equity and Reserves</b>	<b>55.67</b>	<b>70.18</b>	<b>115.36</b>	<b>184.41</b>
Share capital	2.50	2.50	2.50	2.50
Reserves and Surplus	53.17	67.68	112.86	181.91
<b>Non-current liabilities</b>	<b>20.67</b>	<b>24.25</b>	<b>32.55</b>	<b>96.50</b>
Long-Term Borrowings	19.36	22.94	30.75	95.00
Deferred tax Liabilities (Net)	0.00	0.00	0.00	0.00
Other Long Term liabilities	0.00	0.00	1.80	1.50
Long-Term Provisions	1.32	1.32	0.00	0.00
<b>Current liabilities</b>	<b>198.94</b>	<b>273.37</b>	<b>301.45</b>	<b>418.03</b>
Short-Term Borrowings	127.61	120.12	130.00	172.00
Current Portion Of Long Term Debt	3.76	2.63	0.00	0.00
Trade Payables	48.56	126.67	156.20	200.83
Other Current Liabilities	2.56	8.29	7.00	32.30
Short-Term Provisions	16.44	15.65	8.25	12.90
<b>Total Liabilities</b>	<b>275.28</b>	<b>367.81</b>	<b>449.36</b>	<b>698.94</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>17.22</b>	<b>25.65</b>	<b>31.75</b>	<b>40.54</b>
Net Fixed assets	12.18	19.88	27.32	26.32
Net Intangible assets	1.19	1.93	0.00	0.00
Non-Current Investments	1.22	1.25	1.23	11.22
Deferred Tax Assets (Net)	0.93	0.93	0.00	0.00
Long Term Loans and Advances	1.70	1.66	0.00	0.00
Other Non-Current Assets	0.00	0.00	3.20	3.00
<b>Current assets</b>	<b>258.06</b>	<b>342.17</b>	<b>417.61</b>	<b>658.40</b>
Inventories	74.30	112.27	151.40	217.00
Trade Receivables > Six Months	8.37	8.51	0.00	0.00
Trade Receivables < Six Months	126.63	179.50	225.00	370.70
Cash and Cash Equivalents	37.15	24.09	28.01	47.85
Short-Term Loans and Advances	9.54	13.88	13.20	22.85
Other Current Assets	2.07	3.92	0.00	0.00
<b>Total Assets</b>	<b>275.28</b>	<b>367.81</b>	<b>449.36</b>	<b>698.94</b>

### Annexure III: Ratio Analysis\*

Ratios	Units	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18
Long Term Borrowings	In Rs Crores	19.36	22.94	30.75	95.00
Short Term Borrowings	Rs in Crores	127.61	120.12	130.00	172.00
CPLTD	Rs in Crores	3.76	2.63	0.00	0.00
Total Debt	Rs in Crores	150.73	145.69	160.75	267.00
Tangible Net Worth	Rs in Crores	54.49	68.25	115.36	184.41
Capital Employed	Rs in Crores	204.28	213.01	276.11	451.41
Total Debt/TNW	Times	2.77	2.13	1.39	1.45
ISCR	Times	2.85	2.81	3.61	3.57
DSCR	Times	2.01	1.71	2.75	2.69
Net Cash Accruals/Total Debt	Times	0.15	0.19	0.31	0.29
Net Profit Margin	%	2.77	1.89	4.36	4.48
Operating Profit Margin	%	7.48	5.74	8.24	8.36
ROCE	%	20.03	19.62	33.95	37.10
Current Ratio	Times	1.30	1.25	1.39	1.58
Days Receivables	Days	88	77	72	66
Days Inventory	Days	53	54	57	51
Days Payable	Days	49	50	61	49
Conversion Cycle	Days	92	81	68	68

\* Calculation has been done based on BWR ratio definition