

Press Release

Aristos Electronic Manufacturing Services Private Limited

July 04, 2018



Rating Downgraded

Total Bank Facilities Rated*	Rs. 10.20 Cr.
Long Term Rating	ACUITE D
Short Term Rating	ACUITE D

* Refer Annexure for details

Rating Rationale

Acuité has downgraded long-term rating of '**ACUITE D**' (**read as ACUITE D**) and short term rating of '**ACUITE D**' (**read as ACUITE D**) from '**ACUITE B-**' (**read as ACUITE B minus**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 10.20 crore bank facilities of Aristos Electronic Manufacturing Services Private Limited.

Aristos Electronic Manufacturing Services Private Limited (AEMSPL), incorporated in 2008, is a Bangalore-based company promoted by Mr. Vivek Chandra. The company is engaged in the assembling of printed circuit boards apart from manufacturing mobile point of sale (POS) and GPS systems. The company caters mainly to IT companies in Bangalore, Chennai and Visakhapatnam.

The rating has been downgraded on account of delays in their debt repayment obligations till June 2018.

Key Rating Drivers

Strengths

- **Experienced management**

AEMSPL, incorporated in 2008, has an established track record in information technology industry. The promoter, Mr. Vivek Chandra has around a decade of experience in the assembling of PCBs.

Weaknesses

- **Delay in repayment of debt obligation**

The rating reflects delays in servicing of debt obligations by AEMSPL on account of stretched liquidity position. The company has been facing challenges due to deferment of orders in FY 2016-17 from its major client and subsequent decline in revenue. AEMSPL recorded revenue of Rs 4.21 crore in FY2017 as against Rs 18.42 crore in FY2016. Consequently, the company reported a negative operating cash flows resulting in delay in servicing of term loans of Rs 4.16 Crore as on 31st March, 2017. The last delay was observed in the month of June, 2018.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of AEMSPL.

Outlook:

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	4.21	18.42	17.32
EBITDA	Rs. Cr.	-2.16	2.32	1.82
PAT	Rs. Cr.	-4.27	0.24	0.42
EBITDA Margin	(%)	-51.31	12.59	10.51
PAT Margin	(%)	-101.48	1.30	2.45

ROCE	(%)	-19.80	10.14	17.46
Total Debt/Tangible Net Worth	Times	11.31	1.79	1.35
PBDIT/Interest	Times	-1.36	2.19	2.96
Total Debt/PBDIT	Times	-6.43	3.88	3.72
Gross Current Assets (Days)	Days	759	283	264

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
26-Apr-2017	Cash Credit	Long Term	INR 7	ACUITE B- / Stable
	Term Loan	Long Term	INR 2.2	ACUITE B- / Stable
	Letter of Credit	Short Term	INR 1	ACUITE A4

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE D
Term loans	Not Applicable	Not Applicable	31-Dec-2021	2.20	ACUITE D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE D

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About Acuite Ratings & Research:

Acuite Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI

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