

Press Release

Autometers Energitec Limited

October 26, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable
Short Term Rating	ACUITE A4+

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs. 10.00 crore bank facilities of Autometers Energitec Limited (A EL). The outlook is '**Stable**'.

AEL was incorporated in 2005. The company started as a joint venture between Autometers Alliance Limited (A CUIE BBB-/Stable) and RMG Group of Companies (Germany). The said joint venture was entered into for technical collaboration which was dissolved in 2016-17 and all shares were purchased by the Autometers group. The company is engaged in the manufacturing of gas pressure control and metering stations. The products are used by gas transmission and distribution companies.

Analytical Approach

Acuite has considered standalone business and financial risk profile of AEL to arrive at the rating.

Key Rating Drivers

Strengths

• Reputed clientele

AEL derives support from its reputed customers such as Bharat Heavy Electricals Limited (BHEL), GAIL (India) Limited, National Thermal Power Corporation (NTPC), Indraprastha Gas Limited, Gujarat Gas, Oil and Natural Gas Limited (ONGC) to name a few.

• Experienced management

AEL was incorporated in 2005 and has a long track of operation of 12 years in the engineering industry. The promoter, Mr. Keshav Kr. Thirani is associated as a Director of the company (also associated as Director with Autometers Alliance Limited which was incorporated in 1957) since its incorporation and hence has a long experience of more than five decades of experience in the engineering industry. Mr. Ashok Kr. Agarwal, Mr. Animesh Jain, Mr. Detlef Winfried Bauer and Mr. Lajpat Rai Gupta are the other four directors of the company who have a long experience of over a decade in the same line of business.

• Moderate financial risk profile

AEL has moderate financial risk profile as marked by net worth of Rs.11.29 crore in FY2018 as compared to Rs.8.28 crore in the previous year. Gearing of the company as depicted by debt to equity ratio is comfortable at 0.53 times in FY2018 as compared to 0.54 times in FY2017. Of total debt of Rs.5.99 crore in FY2018, Rs.4.37 crore pertains to short term debt, Rs.0.87 crore is in the form of long term loan and remaining is unsecured loan from directors/promoters. Interest coverage ratio stood at 5.44 times in FY2018 as against 2.56 times in the previous year. Debt service coverage ratio (DSCR) stood at 4.10 times in FY2018 as compared to 1.94 times in FY2017.

Weaknesses

• Moderate working capital cycle

AEL has moderate working capital cycle as marked by Gross Current Asset (GCA) days of 274 in FY2018 as compared to 327 days in the previous year. Debtor days increased from 181 in the previous year to 204 in FY2018 due to increased quantum of more than 6 months receivables. Current ratio stood at 1.48 times in FY2018. Average utilisation of the available cash credit facility is more than 90 percent depicting stretched liquidity.

• Modest scale of operations

AEL has modest scale of operations supported by top line of Rs.31.73 crore in FY2018 as compared to Rs.22.31 crore in the previous year. AEL has seen CAGR of 11 percent through 2014 to 2018 period.

Outlook: Stable

Acuite believes that AEL will maintain a 'Stable' outlook on account of the benefits derived from the experienced management and reputed clientele. The outlook may be revised to 'Positive' if there is increase in the scale of operations while maintaining healthy working capital cycle. The outlook may be revised to 'Negative' if there is deterioration in working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	31.73	22.31	23.10
EBITDA	Rs. Cr.	5.21	1.22	1.42
PAT	Rs. Cr.	3.01	0.29	0.52
EBITDA Margin	(%)	16.42	5.46	6.17
PAT Margin	(%)	9.48	1.29	2.26
ROCE	(%)	35.45	9.16	21.28
Total Debt/Tangible Net Worth	Times	0.53	0.54	0.45
PBDIT/Interest	Times	5.44	2.56	4.05
Total Debt/PBDIT	Times	1.10	3.17	2.19
Gross Current Assets (Days)	Days	274	327	179

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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
24-Aug-2017	Cash Credit*	Long Term	4.50	ACUITE BB- / Stable (Assigned)
	Proposed Long Term Loan	Long Term	0.50	ACUITE BB- / Stable (Assigned)
	Bank Guarantee#	Short Term	5.00	ACUITE A4+ (Assigned)

*Buyers Credit of Rs.2.50 cr. is a sublimit of Cash Credit
 #ILC/FLC of Rs.1.00 cr. is a sublimit of Bank Guarantee

*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	4.50	ACUITE BB- /Stable (Reaffirmed)
Bank guarantee/ Letter of Guarantee#	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4+ (Reaffirmed)
Proposed	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE BB- /Stable (Reaffirmed)

*Buyers Credit of Rs.2.50 cr. is a sublimit of Cash Credit
 #ILC/FLC of Rs.1.00 cr. is a sublimit of Bank Guarantee

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About Acuité Ratings & Research:

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