

Press Release

Altimetrik India Private Limited

March 19, 2021

Rating Reaffirmed



| | |
|-------------------------------------|-----------------------------------|
| Total Bank Facilities Rated* | Rs.18.00 Cr. |
| Long Term Rating | ACUITE BB+/Stable (Reaffirmed) |

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) to Rs. 18.00 Cr bank facilities of Altimetrik India Private Limited (AIPL). The outlook is '**Stable**'.

The rating continues to derive comfort from the consistent improvement in the business risk profile of the company marked by healthy increase in the turnover and profitability levels thus translating into higher cash accruals. The revenue growth as well as the improvement in profitability is largely driven by the expansion in services provided by AIPL. Previously, the company was offering hosting services and SAP solutions to its clients; since 2019, AIPL started offering enterprise based and financial services. The rating also factors in the improving financial risk profile of the company marked by strong debt protection metrics.

About the company

Incorporated in 2003, Altimetrik India Private Limited (AIPL) is a Bangalore based company, which is engaged in providing information technology enabled services. AIPL provides platforms like Cloud, Digital Transformation, IOT, Artificial Intelligence (AI) and Robotics to serve the customers' end to end solution. The company is promoted by Mr. Raj B Vattikuti. Currently, AIPL is headed by Raj Kumar Sundaresan, Timothy Stephen Manney and Gopal Desikan Chakravarthy, who all have more than two decades of experience in IT industry.

Analytical Approach

Acuite has considered standalone business and financial risk profiles of AIPL to arrive at the rating.

Key Rating Drivers

Strengths

• Long operational track record and experienced management

Established in 2003, Altimetrik India Private Limited (AIPL) has a long operational track record of eighteen years in the ITES industry. Acuite believes the long track record has helped AIPL to establish healthy relationship with reputed customers and ensure repeat orders. The directors, Mr. Timothy Stephen Manney, Mr. Raj Kumar Sundaresan, Mr. Gopal Desikan Chakravarthy have more than two decades of experience in IT industry. Acuite derives comfort from the long experience of the directors.

• Healthy business risk profile

The business risk profile of the company is supported by the diversified service base with platforms like Cloud, Digital Transformation, IOT, Artificial Intelligence (AI), Robotics to offer to its clients. Moreover, AIPL provides a unique 'DesignOps' approach which integrates the DevOps methodology through user research, design and production. In addition to this, the revenue of the company has improved marked by operating income of Rs.374.66 Cr in FY2020 as compared to revenues of Rs.265 Cr in FY2019, thereby registering y-o-y growth of 41 per cent. Moreover, the company has achieved revenues of around Rs.383 Cr till January 2021 (Provisional). The growth in top line is on account of changes in services provided by AIPL. Acuite believes that the sustainability in the revenue growth would be a key monitorable going forward.

Weakness

• Weak financial risk profile

The company's weak financial risk profile is marked by negative networth and healthy debt protection

metrics. The negative net worth of the company is on account of past accumulated losses; however the position is improving due to improving profitability in recent years. The debt of Rs.48.09 Cr consists of unsecured loan of Rs.30.00 Cr, working capital from the bank of Rs.12.81 Cr and preference shares of Rs.5.28 Cr as on March 31, 2020. The healthy debt protection metrics of the company is marked by Interest Coverage Ratio (ICR) at 14.04 times as on March 31, 2020 and Debt Service Coverage Ratio (DSCR) at 13.37 times as on March 31, 2020. Net Cash Accruals/Total Debt (NCA/TD) stood healthy at 0.60 times as on March 31, 2020. Acuite believes that going forward the financial risk profile of the company will improve through steady accruals and no major debt funded capex plans.

• Customer concentration risk

The long standing experience of the promoters and long track record of operations has helped the company to establish comfortable relationships with their key customers. However, there is customer concentration risk, as AIPL continues to generate more than 60 per cent of the revenue from its holding company, Altimetrik Corp, USA.

Rating Sensitivity

- Sustenance of sales growth while maintaining profitability margin
- Improvement in their financial risk profile

Material Covenant

None

Liquidity Profile: Adequate

The company's liquidity is adequate marked by steady net cash accruals of Rs.28.75 Cr as on March 31, 2020 as against no long term debt repayment over the same period. The fund based limit remains utilised at only 12 per cent over the seven months ended December, 2020. The company has neither availed loan moratorium nor applied for additional covid loan. The cash and bank balances of the company stood at Rs.20.05 Cr as on March 31, 2020 as compared to Rs.5.74 Cr as on March 31, 2019. The efficient working capital management of the company is marked by Gross Current Assets (GCA) of 62 days as on 31st March 2020 as compared to 75 days as on 31st March 2019. However, the current ratio stood weak at 0.64 times as on March 31, 2020 as compared to 0.63 times as on March 31, 2019. The current ratio stood less than unity mainly on account of advances received for rendering services from Altimetrik Corp, USA. Acuite believes that going forward the company will maintain adequate liquidity position due to steady accruals.

Outlook: Stable

Acuite believes that the outlook on AIPL will remain 'Stable' over the medium term on account of the long track record of operations, experienced management and healthy business risk profile. The outlook may be revised to 'Positive' in case of significant growth in revenue or operating margins from the current levels while improving its capital structure through equity infusion. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue or operating margins, deterioration in financial risk profile or elongation in working capital management.

About the Rated Entity - Key Financials

| | Unit | FY20 (Actual) | FY19 (Actual) |
|-------------------------------|---------|---------------|---------------|
| Operating Income | Rs. Cr. | 374.66 | 265.00 |
| PAT | Rs. Cr. | 23.62 | 6.79 |
| PAT Margin | (%) | 6.30 | 2.56 |
| Total Debt/Tangible Net Worth | Times | (1.78) | (0.95) |
| PBDIT/Interest | Times | 14.04 | 4.16 |

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in Service Sector - <https://www.acuite.in/view-rating-criteria-50.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Crore) | Ratings/Outlook |
|-------------|---------------------------------|-----------|--------------------|------------------------------|
| 03-Mar-2021 | Cash Credit | Long Term | 12.00 | ACUITE BB+/Stable (Upgraded) |
| 28-Nov-2019 | Cash Credit | Long Term | 12.00 | ACUITE BB-/Stable (Upgraded) |
| 09-Oct-2018 | Cash Credit | Long Term | 12.00 | ACUITE B+/Stable (Assigned) |

#Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings |
|------------------------|------------------|----------------|----------------|-----------------------------|--------------------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 18.00 | ACUITE BB+/Stable (Reaffirmed) |

Contacts

| Analytical | Rating Desk |
|--|--|
| Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-6620 1203 pooja.ghosh@acuite.in Kaustav Saha Senior Rating Analyst- Rating Operations Tel: 033-6620-1211 kaustav.saha@acuite.in | Varsha Bist Senior Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in |

About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.