

ACS Technologies Limited

April 20, 2020

Rating's

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long term Bank Facilities	16.00	CARE B+; Stable ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable Issuer not cooperating)	Issuer not cooperating: Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable) on the basis of best available Information*
Short term Bank Facilities	4.00	CARE A4; ISSUER NOT COOPERATING* (A Four Issuer not cooperating)	Issuer not cooperating on the basis of best available Information*
Total Bank Facilities	20.00 (Rupees Twenty Crore only)		

*Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 14, 2019, placed the rating(s) of ACS Technologies Limited (ACSTL) under the 'issuer non-cooperating' category as ACSTL had failed to provide information for monitoring of the rating. ACSTL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an e-mail communications/letters dated from January 2020 to April 13, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

At the time of last rating on February 14, 2019 the following were the rating strengths and weaknesses:

Key Rating Weakness**Relatively small scale of operations although increasing total operating income during FY18**

Despite having a long track record, the scale of operations are relatively small marked by total operating income (TOI) of Rs. 42.29 crore during FY18 with small net worth base of Rs. 3.52 crore as March 31, 2018 as compared to other peers in the industry. However, the total operating income of the company has increased by ~30% i.e from Rs. 32.54 crore in FY17 to Rs. 42.29 crore in FY18.

Deterioration of capital structure, debt coverage indicators and elongation of working capital cycle during FY18

The capital structure of the company stood leveraged marked by overall gearing of 2.97x as on March 31, 2018 as compared to 1.63x as on March 31, 2017. Deterioration in overall gearing was on account of increase in debt levels. The debt coverage indicators of the company marked by interest coverage and total debt to GCA deteriorated from 2.91x and 3.58x respectively in FY17 to 2.23x and 6.11x respectively in FY18 due to increase in debt levels leading to increase in financial expenses. The operating cycle of the company stretched from 34 days in FY17 to 50 days in FY18 due to increase in average collection days and average inventory period during FY18.

Key Rating Strengths**Long track record of the company and experienced management**

ACSTL was established in the year 1980 and promoted by a group of computer professionals, who have rich exposure of IT industry for more than three decades. Mr. Ashok K Buddharaju and Mr. A Prabhakara Rao are the directors who are actively involved in the day to day activities of the business. Mr. Ashok K Buddharaju (Director & CEO), an Engineering graduate in computer science, has 25 years of experience in IT sector as he had worked earlier in Wipro, Brigade and Varsun and served diverse roles in his earlier professional career. Mr. A Prabhakara Rao (Director) is a Chartered Accountant by profession, has 15 years' experience in corporate growth, corporate administration, budgetary controls and reporting systems. Similarly, the various departments such as technology innovation, business development, projects, customer relations, operations, advertising, Finance and HR departments are headed by professionals, specialised in that particular field.

Applicable Criteria[Policy in respect of Non-cooperation by issuer](#)[Criteria on assigning Outlook to Credit Ratings](#)[CARE's Policy on Default Recognition](#)[Financial ratios –Non-Financial Sector](#)[Criteria for Short Term Instruments](#)[Rating Methodology - Service Sector Companies](#)**About the Company**

Established in 1980, ACS Technologies Limited (ACSTL) is engaged in providing information technology enabled services. It provides services in the areas of IT infrastructure management, security applications, software support and digitization of records. After having more than three decades of track record in multiple verticals and technology domains, ACSTL offers a wide range of state-of-the-art IT services. The clientele of the company comprises of Government sector, corporate/private sector, Multinational Corporation (MNC's), Academic/research institutions and banks.

Brief Financials (Rs. crore)	FY17(A)	FY18(A)
Total operating income	32.54	42.29
PBILDT	1.51	2.23
PAT	0.66	1.51
Overall gearing (times)	1.63	2.97
Interest coverage (times)	2.91	2.23

A: Audited

Status of non-cooperation with previous CRA: Not Applicable**Any other information:** Not Applicable**Rating History (Last three years):** Please refer Annexure-2**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Instrument (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	Proposed	3.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	13.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	4.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer did not cooperate; based on best available information

Annexure-2: Rating History of last three years

Sr.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-T Loan	LT	3.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (14-Feb-19)	1)CARE BB-; Stable (16-Feb-18)
2.	Fund-based - LT-C Credit	LT	13.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (14-Feb-19)	1)CARE BB-; Stable (16-Feb-18)
3.	Non-fund-based - Bank Guarantees	ST	4.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (14-Feb-19)	1)CARE A4 (16-Feb-18)

*Issuer did not cooperate; based on based available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporate to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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