

## Advance Metering Technology Limited

February 25, 2020

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	5.00	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable; ISSUER NOT COOPERATING)	Issuer not cooperating, revised from CARE BB+; Stable (Double B Plus; Outlook: Stable) on the basis of best available information
Long/ Short-term Bank Facilities	8.50	CARE BB; Stable/ CARE A4; ISSUER NOT COOPERATING* (Double B; Outlook: Stable/ A Four; ISSUER NOT COOPERATING)	Issuer not cooperating, revised from CARE BB+; Stable/ CARE A4+ ( Double B Plus; Outlook: Stable/ A Four Plus) on the basis of best available information
<b>Total</b>	<b>13.50</b> (Rs. Thirteen crore and fifty lakh only)		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Advance Metering Technology Limited (AMTL) to monitor the rating(s) vide e-mail communications/letters dated February 17, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. The rating on AMTL's bank facilities will now be denoted as **CARE BB/CARE A4; ISSUER NOT COOPERATING\***.

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

The ratings have been revised on account of subdued operational performance during 9MFY20 (refers to period: April 01 to December 31) and non-receipt of requisite information and hence CARE is not able to conduct appropriate analysis.

*The ratings assigned to the bank facilities of Advance Metering Technology Limited (AMTL) factors in company's subdued operational performance marked by decline in total income and net losses reported by it during 9MFY20 and its stretched liquidity position reflected by high utilization of working capital limits. The ratings continue to be constrained by vulnerability of the operational performance of wind mills to climatic conditions and grid availability and its presence in a competitive industry. However, the ratings continue to derive strength from the experienced promoters and comfortable gearing of the company attributable to its strong net worth. The ratings also take into cognizance of the long term fixed price PPAs with Jodhpur Vidyut Vitran Nigam Limited (JoVVNL) and Ajmer Vidyut Vitran Nigam Limited (AVVNL).*

*At the time of last rating on August 20, 2019 the following were the rating strengths and weaknesses (updated from 9MFY20 results available on BSE)*

#### Detailed Rationale & Key Rating Drivers

##### Key Rating Weaknesses

**Subdued operational performance:** Total operating income of the company decreased to Rs 25.97 crore in 9MFY20 (PY: Rs 77.84 crore) on account of decrease in revenue from sale of meters as well as lower power generation. The PBILDT margin also deteriorated to 8.97% in 9MFY20 (PY: 14.38%) due to high amount of fixed cost. As a result, the company reported net loss of Rs 8.41 crore during 9MFY20 (PY: Profit of Rs 2.33 crore).

**Working capital intensive nature of operations:** The company is facing significant delays in realization of dues from Rajasthan DISCOMs for its wind power business thereby adversely impacting its liquidity position. However, the operations of the company stood moderate marked by operating cycle of 41 days during FY19 (PY: 95 days). The average collection period stood at 76 days in FY19 (PY: 124 days).

**Intense competition in the industry:** Though the demand prospects in transmission and distribution of power industry are favourable given Government of India's initiatives like Power for All, Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), SAUBHAGYA etc., the smaller companies remains exposed to the competitive pressure from other established players.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

\*Issuer did not cooperate; Based on best available information

Furthermore, this industry is fragmented with large number of small and medium scale players which has a bearing on the margins of the entities operating in the industry.

**Dependence on seasonal wind patterns for power generation:** Wind farms are exposed to inherent risk of climate fluctuations leading to variations in the wind patterns which affects the CUF.

#### Key rating strengths

**Experienced promoters:** AMTL is controlled by Ranade family with its members being the directors in the company. Mr Pranav Kumar Ranade, the Managing Director of AMTL, is a post graduate by qualification and has more than four decades of experience in similar line of operations which includes manufacturing of switchgears, meters etc. The experience of the promoters is expected to benefit the company in the long run.

**Comfortable gearing on account of strong net worth:** The company had a strong net-worth of Rs. 130.47 crore as on March 31, 2019, due to the large consideration amount received by it pursuant to the sale of switchgear business in the past. The company's overall gearing stood comfortable though moderated marginally at 0.63x as on March 31, 2019, (PY: 0.57x) on account of increase in outstanding working capital borrowings.

**Long-term fixed price PPAs:** AMTL is selling power under a 25 years' PPA with AVVNL at a tariff of Rs. 5.18 per unit and a 20 and 25 years' PPA with JoVVNL at a tariff of Rs. 4.46 per unit and Rs. 5.18 per unit respectively, which provides long-term revenue visibility.

**Stretched liquidity position:** The company's working capital limits utilization remains fully utilized with frequent use of ad-hoc limits. The liquidity position of the company is further weakened by low free cash of Rs 0.26 crore as on September 30, 2019 (As on March 31, 2019: Rs 0.82 crore).

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook and credit watch](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

[Financial ratios - Non-Financial Sector](#)

[Care methodology – Private Power Producers](#)

#### About the Company

AMTL was incorporated in 2011 as a resulting company pursuant to the demerger of 'Eon Electric Limited (EEL, formerly Indo Asian Fusegear Limited). AMTL is currently engaged in the manufacturing of electric meters, wind power generation, energy audit, plastics components for meters and other electrical and electronic products. AMTL has three subsidiaries namely PKR Energy Limited, Global Power Trading PTE Limited, Singapore and Advance Power and Trading GmbH, Germany in which there are no major operations. AMTL also operates 3 wind mill power projects (set-up by Suzlon and Gamesa) located in Jaisalmer district in Rajasthan with a total capacity of 11.7 MW which has been operational since 2012. During FY19, the company registered sales of Rs.8.90 crore from power generation and Rs.78.52 crore from meters.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	43.75	91.39
PBILDT	2.25	13.02
PAT	-7.15	1.18
Overall gearing (times)	0.57	0.64
Interest coverage (times)	0.37	1.69

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

## Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	5.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information
Non-fund-based - LT/ST-BG/LC	-	-	-	8.50	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable / CARE A4+ on the basis of best available information

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	5.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information	1)CARE BB+; Stable (20-Aug-19) 2)CARE BBB-; Stable (07-Jun-19) 3)CARE BBB-; Stable (04-Apr-19)	-	1)CARE BBB-; Stable (29-Nov-17) 2)CARE BB; Stable (28-Apr-17)	-
2.	Non-fund-based - LT/ST-BG/LC	LT/ST	8.50	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable / CARE A4+ on the basis of best available information	1)CARE BB+; Stable / CARE A4+ (20-Aug-19) 2)CARE BBB- / CARE A3 (07-Jun-19) 3)CARE BBB-; Stable / CARE A3 (04-Apr-19)	-	1)CARE BBB-; Stable / CARE A3 (29-Nov-17) 2)CARE BB; Stable / CARE A4 (28-Apr-17)	-
3.	Non-fund-based - ST-Letter of credit	-	-	-	1)CARE A3 (04-Apr-19)	-	1)CARE A3 (29-Nov-17) 2)CARE A4 (28-Apr-17)	-
4.	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (20-Aug-19) 2)Provisional CARE BBB-; Stable (07-Jun-19) 3)Provisional CARE BBB-; Stable (04-Apr-19)	-	1)Provisional CARE BBB-; Stable (29-Nov-17)	-

**Annexure-3: NA**

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto: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 corporates 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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