

Advance Metering Technology Limited

July 09, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term bank facilities (Fund based – CC)	5.00	CARE BB-; Negative; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Negative; ISSUER NOT COOPERATING	Revised from CARE BB; Stable; Issuer Not Cooperating (Double B; Outlook: Stable; Issuer not cooperating) on the basis of best available information
Long/ Short term bank facilities (Non- Fund based – BG)	8.50	CARE BB-; Negative/CARE A4; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Negative/ A Four ISSUER NOT COOPERATING)	Revised from CARE BB; Stable/ CARE A4; Issuer Not Cooperating (Double B; Outlook: Stable/ A Four; Issuer not cooperating) on the basis of best available information
Total	13.50 (Rs. Thirteen crore and fifty lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 25,2020, placed the rating(s) of Advance Metering Technology Limited (AMTL) under the 'issuer non-cooperating' category as AMTL had failed to provide information for monitoring of the rating. Advance Metering Technology Limited continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls etc. 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(s).

The revision in 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 FY20 and its stretched liquidity position. 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. The company has not provided adequate information required for the rating due to which CARE is not able to conduct a proper credit risk analysis.

Detailed description of the key rating drivers

At the time of last rating on February 25,2020, the following were the rating strengths and weaknesses (updated from Q4FY20 results available on BSE):

Key Rating Weaknesses:

Subdued operational performance: Total operating income of the company decreased to Rs.32.92 crore in FY20 (FY19: Rs.91.49 crore) on account of decrease in revenue from sale of meters as well as lower power generation. Due to high amount of fixed cost, the company has reported losses at EBIDTA level of Rs.4.29 (FY19: Profit of Rs.13.10 crore). Also, the company has reported net loss of Rs.18.56 crore during 9MFY20 (PY: Profit of Rs 1.18 crore).

Stretched liquidity position: The liquidity position of the company weakened by low free cash of Rs 0.27 crore as on March 31, 2020 (As on March 31, 2019: Rs 0.82 crore) and net losses reported in FY20.

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

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 CUE.

Moderation in gearing: Net-worth of the company has declined to Rs. 111.09 crore as on March 31, 2020 (FY19: Rs.130.47 crore), due to losses at net level during the year. The company's overall gearing stood comfortable though moderated marginally at 0.77x as on March 31, 2020, (PY: 0.56x) on account of increase in outstanding working capital borrowings.

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 Nana (DDUGJY), SAUBHAGYA etc., the smaller companies remains exposed to the competitive pressure from other established players. 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.

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.

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.

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)
[Criteria for Short Term Instruments](#)
[Criteria on assigning Outlook and credit watch](#)
[Care methodology — Private Power Producers](#)
[Rating Methodology-Manufacturing Companies](#)
[Financial ratios - Non-Financial Sector](#)
[CARE's Policy on Default Recognition](#)

About the Company

AMTL was incorporated in 2011 as a resulting company pursuant to the demerger of 'Eon Electric Ltd (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 FY20, the company registered sales of Rs.7.9 crore from power generation and Rs.20.15 crore from meters.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	91.39	32.98
PBILDT	13.02	-4.29
PAT	1.18	-18.56
Overall gearing (times)	0.64	0.77
Interest coverage (times)	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

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-; Negative; Issuer not cooperating* (Double B Minus; Outlook: Negative; ISSUER NOT COOPERATING)
Non-fund-based - LT/ ST-BG/LC	-	-	-	8.50	CARE BB-; Negative/CARE A4; Issuer not cooperating* (Double B Minus; Outlook: Negative/ A Four ISSUER NOT COOPERATING)

*Issuer did not cooperate; Based on 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 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- Cash Credit	LT	5.00	CARE BB-; Negative; Issuer not cooperating* (Double B Minus; Outlook: Negative; ISSUER NOT COOPERATING)	-	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-; Negative/CARE A4; Issuer not cooperating* (Double B Minus; Outlook: Negative/ A Four ISSUER NOT COOPERATING)	-	1)CARE BB+; Stable / CARE A4+ (20-Aug-19) 2)CARE BBB- / CARE A3 (07-Jun-19) BBB-; Stable / CARE AS (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)

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:

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