

## Aurionpro Solutions Limited

April 04, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	52.84 (Reduced from 107.36)	<b>CARE BBB+; Positive (Triple B Plus; Outlook: Positive)</b>	<b>Reaffirmed</b>
Short Term Bank Facilities	112.00 (Enhanced from 94.86)	<b>CARE A3+ (A Three Plus)</b>	<b>Reaffirmed</b>
<b>Total</b>	<b>164.84</b> <b>(One Hundred Sixty Four crore and Eighty Four Lakhs only)</b>		

*Details of facilities/instruments attached in Annexure 1*

### Detailed Rationale & Key Rating Drivers

The reaffirmation of the ratings assigned to the bank facilities of Aurionpro Solutions Limited (ASL) continue to derive strength from ASL's experienced and professionally qualified promoters and management, geographically diversified revenue profile along with large and diversified customer base, healthy operational performance and comfortable capital structure.

The ratings however continue, to be constrained by long collection period leading to moderate liquidity position, exposure to foreign exchange fluctuation risk and continuing uncertainty in the key markets along with the competitive nature of the industry. Timely realization of receivables and ability of the company to improve its profitability margins going ahead constitutes the key rating sensitivity.

#### **Outlook: Positive**

Post the divesting and closure of low margin business of ASL followed by the demerger of its non-core business, the company is focusing on leveraging its core business in the key projects which is expected to improve its profitability margins going ahead. Further the company plans for minimum reliance on external debt going ahead which is expected to improve the financial risk profile further. Thus positive outlook continues. The outlook will be revised to stable if the profitability does not improve as expected or the reliance on external debt increases due to some capital expenditure/acquisition/working capital requirement.

### **Key Rating Strengths**

#### ***Experienced promoters and professional management***

ASL has a qualified promoter and management team with a significant track-record in the IT and banking industry. Both, the Chairman of the board and cofounder of the company Mr. Paresh Zaveri and the Managing Director and another co-founder Mr. Amit Seth are engineering graduate and an MBA in finance and has more than 20 years of experience in corporate finance, technology etc.

#### ***Geographically, well-diversified revenue profile however exposed to segment concentration risk***

Aurionpro Solutions Limited (ASL) has been able to diversify its customer base within the industry as well as on the global level. The company has a long-standing relationship with its top clients and was able to get repeat business from them over the years. While the share of Europe continues to hover around 6% in FY18, revenues from the rest of the world excluding India continue to remain high 34%.

#### ***Comfortable capital structure***

ASL has shown the improvement in capital structure with overall gearing improving to 0.26x as on March 31 2018 from 0.51x as on March 31, 2017. The other financial metrics like debt -equity ratio improved to 0.14x as on March 31, 2018 compared to 0.19x as on March 31, 2017.

#### ***Key Rating Weakness***

#### ***Moderate liquidity position with long collection period***

The company has long operating cycle mainly on account of its stretched receivables cycle. Further, the receivables cycle from the Indian clients are longer than that from the US, UK and other Asia Pacific clients leading to receivables cycle on a consolidated basis at around 109 days during FY18. However, the customers of ASL being frontline banks/FIs, the payment is assured. The credit risk profile of ASL remains sensitive to the company's management of its working capital, including timely realisation of receivables in view of continuing slowdown in some of its key markets. The company has a cash balance of Rs.65.32 crore as on September 30 2018 with no major investments. The current ratio stood at 1.49x during FY18

#### ***Intense Competition affecting margins***

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

The industry is highly competitive, marked by the presence of both larger and smaller size players. The continuing global slowdown along with the increase in competition has resulted in price reduction on contract renewal in turn leading to decline in profitability margins. However, the company is currently changing its focus and is discontinuing contracts with low margin clients. Going forward the profitability margins of the company is expected to improve with the company focusing more on high margin clients.

**Analytical approach:** Consolidated Approach as the subsidiaries/ Joint Ventures have same operational linkages and are operating under the common management. Following subsidiaries have been considered while taking consolidated approach:

1. Aurofidel Outsourcing Limited
2. Intellvisions Solutions Private Limited
3. Servopt Consulting Private Limited
4. AurionPro Solutions Pte. Limited
5. PT Aurionpro Solutions
6. Cyber Inc Corporation
7. AurionPro Fintech Inc
8. Aurionpro Solutions (Africa) Limited
9. Intellvisions Software LLC, UAE (Joint venture)

#### **Applicable Criteria:**

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Criteria for Short-Term Instruments](#)

[Rating Methodology - Services Sector](#)

[Financial Ratios- Non Financial Sector](#)

#### **About the Company**

Aurionpro Solutions Limited (ASL), incorporated on October 31, 1997 is engaged in the business of providing solutions to corporate banking, treasury, fraud prevention and risk management, internet banking governance and compliance. ASL, which has grown inorganically over the years, is headquartered in Mumbai and operates through its subsidiaries and affiliates in USA, UK, Singapore, Hong Kong, Malaysia, Thailand, Bahrain, Australia and India. ASL provides software products and consulting services primarily to the banking vertical in India and abroad. It also provides self-serving technologies which enables financial institutions, utility, telecom and government organization to migrate, automate and manage customer facing business process to self- service channels through its core business verticals namely Enterprise Security, Banking and Fintech, Interactive Customer Communication and Supply chain solutions.

<b>Brief Financials (Rs. crore)</b>	<b>FY17 (A)</b>	<b>FY18 (A)</b>
Total operating income	494.88	422.30
PBILDT	47.85	83.71
PAT	42.18	114.25
Overall gearing (times)	0.91	0.26
Interest coverage (times)	2.92	5.99

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

**Rating History (Last three years):** Please refer Annexure-2

**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:**

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service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

#### 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
Term Loan-Long Term	-	-	April 2026	34.94	CARE BBB+; Positive
Fund-based-Long Term	-	-	-	16.00	CARE BBB+; Positive
Non-fund-based-Short Term	-	-	-	112.00	CARE A3+
Fund-based - ST-Bank Overdraft	-	-	-	1.90	CARE A3+

#### 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Term Loan-Long Term	LT	34.94	CARE BBB+; Positive	1)CARE BBB+; Positive (10-Apr-18) 2)CARE BBB+; Positive (07-Apr-18)	1)CARE BBB; Stable (11-Apr-17)	1)CARE BBB- (19-Apr-16)	1)CARE BBB- (13-Apr-15)
2.	Fund-based-Long Term	LT	16.00	CARE BBB+; Positive	1)CARE BBB+; Positive (10-Apr-18) 2)CARE BBB+; Positive (07-Apr-18)	1)CARE BBB; Stable (11-Apr-17)	1)CARE BBB- (19-Apr-16)	1)CARE BBB- (13-Apr-15)
3.	Non-fund-based-Short Term	ST	112.00	CARE A3+	1)CARE A3+ (10-Apr-18) 2)CARE A3+ (07-Apr-18)	1)CARE A3 (11-Apr-17)	1)CARE A3 (19-Apr-16)	1)CARE A3 (13-Apr-15)
4.	Fund-based - ST-Bank Overdraft	ST	1.90	CARE A3+	1)CARE A3+ (10-Apr-18) 2)CARE A3+ (07-Apr-18)	1)CARE A3 (11-Apr-17)	1)CARE A3 (19-Apr-16)	1)CARE A3 (13-Apr-15)

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