



Press Release

Assam Electronics Development Corporation Limited (AMTRON)

February 13, 2024

Rating

Instrument / Facility	Amount (Rs. Crore)	Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	400.00	IVR BBB-; Stable (IVR Triple B Minus with stable outlook)	Rating upgraded with revision in outlook from IVR BB+; Negative; Issuer Not Cooperating (IVR Double B Plus with Negative Outlook; Issuer Not Cooperating)	Simple
Total	400.00 (Rupees four hundred crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Ratings has removed the ratings assigned to the bank facilities of Assam Electronics Development Corporation Limited (AMTRON) from Issuer Not Cooperating category based on adequate information received from the company for review of its ratings. The upgrade in the ratings assigned to the bank facilities of Assam Electronics Development Corporation Limited (AMTRON) considers comfort from being a wholly owned government of Assam entity and strategic importance of the company being a nodal implementing agency under the Department of Information technology of Govt. of Assam coupled with its long and established track record in the IT infrastructure space of the state. However, these rating strengths continues to remain constrained due to its small scale of operation, exposure to project implementation risk and its elongated collection period.

Key Rating Sensitivities:

- Upward Factors

- Substantial and sustained growth in operating income, operating margin and cash accrual
- Improvement in working capital management with improvement in liquidity



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- Sustenance of the capital structure with improvement in debt protection metrics on a sustained basis
- **Downward Factors**
- Moderation in operating income and/or moderation in cash accrual impacting the debt protection metrics on a sustained basis
- More than expected delay in execution of the ongoing tech city project
- Stretch in the working capital cycle driven by stretch in receivables, or sizeable capital expenditure weakens the financial risk profile, particularly liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **An Assam Government entity**

AMTRON is a government of Assam undertaking under the purview of Industry & Commerce Department, Govt. of Assam. It is the nodal implementing agency for the Department of Information technology, Govt. of Assam. Presently, Mr. Narsing Sambhaji Pawar (IAS), Managing Director is at the helm of affairs of the company.

- **Long and established track record in providing maintenance in software development industry**

AMTRON has a long and established track record of about four decades in testing, maintenance and development of various software packages including ERP, providing solutions and project management in the area of client server and web-based technologies. Since inception, the company has developed and maintained mission critical applications for leading payment network operators based.

- **Strategic importance**

AMTRON is strategically important for the state government of Assam as the entity is the nodal agency of the Information Technology Department of the Govt. of Assam for implementing IT Projects in the State including the National e-governance plan of the Govt. of India. Further, the tech city project is important for the state in order to attract IT companies in the state.

B. Key Rating Weaknesses

- **Small scale of operation**

The operations of the company remained small with a turnover of Rs.57.38 crore in FY23 provisional. Small scale of operations restricts the financial flexibility to an extent.



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- **Ongoing capex**

The company is building a TECH City (The Technology Park and Manufacturing Hub) i.e Electronic Manufacturing Cluster at Guwahati, Assam, India. Initially, the entire project is of 100 acres of area located next to Guwahati International Airport. Thereafter, the scope of the project was changed to 150 acres. The total cost of building up Tech City has been estimated at Rs.610.11 crore, which is to be funded by term loan of Rs.400 crore, Rs.120.22 crore through internal accruals and own funds and remaining Rs.89.89 crore through central/ state government grant/ aid. Out of the Rs.89.89 crore, the company has received Rs.49.33 crore from the state and the central government. The project has experienced delay in execution due to lack of funds attributable to delay in disbursement of term loans. As of December 31, 2023, AMTRON has spent approximately Rs.179.29 crore towards the hard and soft costs of the project.

- **Elongated collection period**

The operations of the company remained working capital intensive over the years marked by its high gross current asset days in FY23 provisional mainly due to its elongated average collection period. The collection period is high in FY23 as few dues from some local vendors under Government of Assam were pending in FY23, which got cleared and the company stated that they never had bad debt in their accounts.

Analytical Approach: Standalone

Applicable Criteria:

[Policy of default recognition](#)

[Criteria of assigning Rating outlook](#)

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Rating Methodology for State Finance](#)

[Parent group support](#)

[Government support](#)

[Criteria on complexity](#)



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Liquidity – Adequate

The liquidity profile of the company remains adequate with its healthy cash and liquid investments of Rs.303.82 crore as on March 31, 2023 (Provisional). Further, being a government of Assam entity, the liquidity of the company has adequate support.

About the company

Established in 1984, AMTRON is a wholly owned government of Assam entity under the aegis of Department of Industries and Commerce, Government of Assam to establish and develop Electronics and allied industries in the state. AMTRON begin their journey in 1984 by setting up the first sector Black & White and Colour TV assembly unit in the North-East India. It also ventured into Power Electronics & Telecommunication Sector in 1988. AMTRON's foray into IT sector started in 1988 with the establishment of Data Processing and Software Development Center. An IT Training and Consultancy cell also started functioning at the same time. AMTRON is now the nodal agency of the Information Technology Department of the Govt. of Assam for implementing IT Projects in the State including the National e-governance plan of the Govt. of India.

Financials - Standalone

For the year ended* / As on	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	48.67	57.38
EBITDA	0.39	4.64
PAT	1.91	2.41
Total Debt	102.06	91.85
Tangible Net worth	33.09	35.50
EBITDA Margin (%)	0.80	8.09
PAT Margin (%)	3.66	4.20
Overall Gearing Ratio (x)	3.08	2.59

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)				Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22 (August 28, 2021)	Date(s) & Rating(s) assigned in 2020-21 (June 01, 2020)
1.	Term Loan	Long Term	400.00	IVR BBB-; Stable Outlook	IVR BB+; Negative; Issuer Not Co-operating (August 04, 2023)	IVR BBB+; Stable (July 18, 2022)	IVR BBB+ ; Stable (May 23, 2022)	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facility – Term Loan	-	-	December 2031	400.00	IVR BBB-; Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Assam-Electronics-feb24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.