



Press Release

Nisa Industrial Services Pvt. Ltd. (NISPL)

May 19, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned
1	Fund based Bank Facilities – Cash Credit	115.68 (Includes proposed limit of 0.68 Crs)	IVR A/ Stable Outlook (IVR Single A with Stable Outlook)
2	Fund based Bank Facilities – Term Loans	58.93*	IVR A/ Stable Outlook (IVR Single A with Stable Outlook)
3	Fund based Bank Facilities – LAP	8.39*	IVR A/ Stable Outlook (IVR Single A with Stable Outlook)
4	Non Fund based Bank Facilities – Bank Guarantee	15.00	IVR A1 (IVR A One)
	Total	198.00	

*Outstanding as on April 30, 2020.

Details of Facilities are in Annexure 1

Rating Rationale

The assigned rating derives strength from an experienced promoter and longstanding track record of operations of the Group, diversified Service portfolio, reputed client base, a strong market penetration, Pan India presence and improving scale of operations. However, these strengths are partially offset by moderate debt protection metrics and fragmented nature of industry.

Key Rating Sensitivities

Upward Factor

- Significant growth in revenues and profitability leading to sustained improvement in the capital structure and debt protections metrics.

Downward Factor

- Any decline in operating revenues, profitability and/or liquidity position leading to deterioration in the capital structure and/or debt protections metrics.



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Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter and longstanding track record of operations of the Group

NISA Group is promoted by the members of the Sahi family, Mr. Paramjeet Sahi (founder and advisor at present), Mrs. Nehalkaur P Sahi (Co-founder), Mr. Karanraj Sahi and Mr. Harkeerat Sahi (jointly spearheading the group presently) having a combined experience of around six decades in the security business. The operations of the group are managed by capable and well experienced ex-defense personnel. The promoters are in the security business since 1973 having a proven track record of delivery of security services and operations.

Diversified Service portfolio

The NISA group offers a comprehensive range of Security Management Services to some of the largest corporate houses in India, the group differentiates itself from conventional security agencies as they provide integrated services which includes providing of security manpower, Design, development & implementation of Security Management Systems through software development as well as Security Audit and Survey. The major services provided by the group are Industrial Security (Guarding Personnel, Security Audit, System Design, Specialised Training, Industrial Relations Environment Survey and Forecast, Fire Fighting, Safety and First Aid), Event Security (Access Control, Vigilance, Traffic Control Management), Labour Unrest Management (Intelligence Networking, Security Design under Unrest Conditions, Inventory Control, Police Liaison), Personal Security, Security Software Development, Detective Services, Copyright Protection and Antipiracy, Electronic Surveillance and Cash Escort Services.

Reputed client base

The group successfully caters to the security needs of large industrial houses such as Reliance Industries, SBI, Flipkart, PVR Cinema, TATA Teleservices, TATA Communications Ltd, TATA Automotive Components, Aditya Birla Retail, Indus Towers Ltd, Accenture, Capgemini, Mahindra Satyam, Wockhardt Ltd., Philips, Castrol, Aker Kvaerner Power Gas, Future Group (BIG BAZAAR, Centrals, Pantaloon), Blue Star, Exide, L&T, Pidilite, Sony Music, HP, Pepsi, Monsanto, Parle, CEAT, Dempo Group, Consulate General Of Japan, The Lalit,



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Leela Palace and many others. To maintain appreciable levels of service and consistency, it has customized software "Expert" developed in-house by its Infotech Division.

A very strong market penetration and nationwide geographic presence

The group has presence in almost all states of India with over 90 branches and Resident offices with more than 3000 reputed customers with ~95% record of renewing client contracts. The group has an employee base of around 30,000 as on FY19.

Improving scale of operation:

The top line has increased to Rs. 688.82 Crs in FY19 from Rs. 614.59 Crs in FY18 in account of increase in business. The EBITDA margin has witnessed a marginal improvement to 5.44% in FY19 from 5.04% in FY18.

Key Rating Weaknesses

Moderate debt protection metrics:

The leveraging remained moderate in FY19 with overall gearing at 2.26x and TOL/ANW at 4.02x. However, the same is likely to improve after completion of NISPL's stake sale transaction in Logcash Solutions Private Limited, as the management propose to use the proceeds from the same to reduce the borrowings.

Competition from other players

The industry is highly fragmented due to the presence of a number of organized & unorganized players leading to high competition in the industry. Thus, the company faces stiff competition from other organized & unorganized players in the industry. Also, being the tender-based nature of business, the intense competition and competitive bidding may affect the profitability.

Analytical Approach:

Consolidated: For arriving at the ratings, Infomerics has taken the consolidated approach by combining the financial results of Nisa Industrial Services Pvt. Ltd. (NISPL) and Cattleya Technosys Pvt. Ltd. (CTPL), collectively referred to as the NISA group, as the companies are in the similar line of business having common management and cross holding.



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Applicable Criteria:

Rating methodology for Service Sector Companies.

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity: Adequate

The company has adequate liquidity marked by the current ratio 1.52x as on 31 March 2019 and adequate cash and bank balance to the tune of Rs. 17.74 Crs in FY19. The operations are moderately working capital intensive which has led to high reliance on working capital limits. The average cash credit limit utilization was at 85.96% during the 12 months period ended Feb 2020.

About the Group

About Nisa Industrial Services Private Limited

NISPL was founded by Late Commander D. S. Sahi along with his son Mr. Paramjeet Sahi on August 27, 1992.

NISPL is a Risk Management & Loss Prevention Company with over 28 years of experience. It offers a comprehensive range of security management, industrial guarding, event security, personal security and man guarding services to varied segments like energy, power, telecom, BFSI, IT & ITES, Retail, Oil & Gas, Petrochemicals, Hospitality, Pharmaceutical, manufacturing and Textiles etc. NISPL differentiates itself from conventional security agencies in that while they mainly provide security manpower, NISPL designs and implements Security Management Systems and that too only after conducting a comprehensive Security Audit and Survey.

NISPL has spread its operations across India with branches and Resident offices in almost all the states of India with many reputed customers. NISPL incorporates sophisticated electronic security equipment and systems in collaboration with leading international manufacturers.

Cattleya Technosys Private Limited

CTPL was incorporated in 2012, is a product based, Internet Of Things (IOT) Technology Company provides e-surveillance and CMS solutions including but not limited to Video Analytics, Central Monitoring, Remote Access Monitoring & control, Energy Management systems among others. CTPL is promoted by Sahi family and being spearheaded by Mr.



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Paramjeet Sahi, Mr. Karanraj Sahi and Mr. Badrinath Rao. NISPL and CTPL are engaged in the same line of business, having synergy of operation and under common management. Further NISPL holds about ~80% of the shareholding in CTPL.

Financials (Consolidated)

(Rs. crore)

For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
Total Operating Income	614.59	688.82
EBITDA	30.95	37.44
PAT	4.30	2.93
Total Debt	145.64	144.84
Tangible Networkth	96.24	99.17
Ratios		
EBITDA Margin (%)	5.04	5.44
PAT Margin (%)	0.70	0.42
Overall Gearing Ratio (x)	2.37	2.26

*Classification as per Infomerics' standards

Financials (Standalone) of NISPL

(Rs. crore)

For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
Total Operating Income	612.15	685.21
EBITDA	30.47	34.85
PAT	4.22	1.11
Total Debt	145.64	144.42
Tangible Networkth	95.89	97.00
Ratios		
EBITDA Margin (%)	4.98	5.09
PAT Margin (%)	0.69	0.16
Overall Gearing Ratio (x)	2.40	2.33

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: India Ratings and Research (Ind-Ra) vide its press release dated Dec 22, 2017 has migrated the rating on bank facilities of NISPL to 'Issuer not cooperating' category.

Any other information: N.A.



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Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1	Fund based Bank Facilities – Cash Credit	Long Term	115.68	IVR A/ Stable Outlook	--	--	--
2	Fund based Bank Facilities – Term Loans	Long Term	58.93	IVR A/ Stable Outlook	--	--	--
3	Fund based Bank Facilities – LAP	Long Term	8.39	IVR A/ Stable Outlook	--	--	--
4	Non Fund based Bank Facilities – Bank Guarantee	Short Term	15.00	IVR A1	--	--	--

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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's



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long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund based Bank Facilities – Cash Credit	--	--	--	115.68	IVR A/ Stable Outlook
Fund based Bank Facilities – Term Loans	--	--	Up to Jan-2023	58.93	IVR A/ Stable Outlook
Fund based Bank Facilities – LAP	--	--	05-Mar-2032	8.39	IVR A/ Stable Outlook
Non Fund based Bank Facilities – Bank Guarantee	--	--	--	15.00	IVR A1

Annexure 2: Entities considered for consolidated analysis

Name of the company	Consolidation Approach
Nisa Industrial Services Pvt. Ltd.	Full Consolidation
Cattleya Technosys Pvt. Ltd.	Full Consolidation