

Press Release

Smart Card IT Solutions Limited

March 24, 2020

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Fund Based Limits	47.35 (including proposed limit of Rs.10 crore)	IVR BB+/Stable; ISSUER NOT COOPERATING* (IVR Double B Plus with Stable outlook; Issuer Not Cooperating)	Rating revised from IVR BBB (IVR Triple B) with Stable Outlook and moved to ISSUER NOT COOPERATING Category
Long Term Debt-Term Loan	30.79	IVR BB+/Stable; ISSUER NOT COOPERATING* (IVR Double B Plus with Stable outlook; Issuer Not Cooperating)	Rating revised from IVR BBB (IVR Triple B) with Stable Outlook and moved to ISSUER NOT COOPERATING Category
Short Term Non-Fund Based Facilities	11.30	IVR A4+; ISSUER NOT COOPERATING* (IVR A Four Plus; Issuer Not Cooperating)	Rating revised from IVR A3+ (IVRA Three Plus) and moved to ISSUER NOT COOPERATING Category
Total	89.44		

**Issuer did not cooperate; based on best available information*

Details of Facility are in Annexure 1

Detailed Rationale

The rating downgrade is because of lack of adequate information regarding Smart Card IT Solutions Limited's performance and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide emails dated February 12, 2020, February 26, 2020, March 06, 2020, and March 09, 2020 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details and fees for surveillance exercise.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long term ratings for the bank loan facilities aggregating to Rs. 78.14 crore and short term rating for the bank facilities aggregating to Rs. 11.30 crore of Smart Card IT Solutions Limited shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and

the rating be noted as IVR BB+/Stable: Issuer Not Co-operating; based on best available information (IVR Double B Plus/Stable: Issuer Not Co-operating) and IVR A4+: Issuer Not Co-operating; based on best available information. (IVR A Four Plus: Issuer Not Co-operating; based on best available information).

Accordingly, the lenders, investors and other users of this rating are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company.

Analytical Approach & Applicable Criteria

Standalone

Financial Ratios & Interpretation – (Non-financial Sector)

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Smart Card IT Solutions Limited (SCIT) is a leading manufacturer of smart cards in India. The company commenced operation in 2012. The company is primarily engaged in the manufacturing of smart cards for the telecom, banking and identity verticals. Of late, the company has also started exporting its products to Middle East and South East Asian countries. SCIT is promoted by Mr. Jitendra Mehta, Mr. Deven Mehta (son of Mr. Jitendra Mehta) & other family members. Mr. Deven Mehta is the CEO of the company and his wife, Dr. Usha Mehta is a Whole Time Director in the company. SCIT has its corporate office in Mumbai, and two manufacturing facilities at Sanaswadi, Pune (both the facilities are situated close to each other). Both the facilities are ISO 9001: 2008 certified. The combined annual installed production capacity of both the manufacturing facilities together is ~462 million cards.

Financials (Standalone)

(Rs. Crore)

For the year ended / As on	31-03-18	31-03-19
	Audited	Audited
Total Operating Income	280.16	312.43
EBITDA	34.86	34.79
PAT	11.56	-2.60
Total Debt	116.76	113.09
Tangible Net worth	99.45	96.85
EBIDTA Margin (%)	12.44	11.14
PAT Margin (%)	4.08	-0.83
Overall Gearing ratio (x)	1.17	1.17

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Long Term Fund Based Limits	Long Term	47.35 (including proposed limit of Rs.10 crore)	IVR BB+ /Stable Outlook; ISSUER NOT COOPERATING*	IVR BBB /Stable Outlook (January 16, 2019)	--	--
2.	Long Term Debt- Term Loan	Long Term	30.79	IVR BB+ /Stable Outlook; ISSUER NOT COOPERATING*	IVR BBB /Stable Outlook (January 16, 2019)	--	--
3.	Short Term Non-Fund Based Facilities	Short Term	11.30	IVR A3+; ISSUER NOT COOPERATING*	IVR A3+ (January 16, 2019)	--	--

**Issuer did not cooperate; based on best available information*

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 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 Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Limits	-	-	Revolving	47.35 (including proposed limit of Rs.10 crore)	IVR BB+/Stable Outlook ISSUER NOT COOPERATING*
Long Term Debt-Term Loan	-	-	Feb 2022	30.79	IVR BB+/Stable Outlook ISSUER NOT COOPERATING*
Short Term Non-Fund Based Facilities	-	-	Up to 90/180 days	11.30	IVR A4+ ISSUER NOT COOPERATING*

**Issuer did not cooperate; based on best available information*