



Press Release

SISL Infotech Private Limited

March 23, 2021

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action
Bank Facilities- Short Term	50.00	IVR A3(IVR A Three)	IVR A3(IVR A Three)	Reaffirmed
Bank Facilities- Long Term	10.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Reaffirmed
Proposed Short Term Bank Facilities	70.00	IVR A3(IVR A Three)	-	Assigned
Total	130.00 (One Hundred and thirty crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmed/assigned to the bank facilities of SISL Infotech Pvt Ltd derives comfort from its experienced promoters, established market position, sustained revenue growth and comfortable financial risk profile. However, the rating strengths are partially offset by its presence in a highly competitive industry and working capital intensive nature of operations.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations with improvement on profitability leading to improvement in cash accruals on a sustained basis.
- Sustenance of the capital structure and improvement in debt protection metrics
- Improvement in the collection period leading to improvement in liquidity

Downward Factors

- Elongation in the operating cycle impacting the liquidity
- Moderation in the capital structure



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters

The promoters, Mr. Akash Nangia and Mr. Arjun Mittal, both SRCC alumnus has around a decade experience in the IT and consulting industry. Driven by grit and passion, they came up with entrepreneurial ventures like SISL & Techjockey, which twisted 'the ordinary start-up tale' and roped in big government projects early on.

Strong y-o-y growth and financial risk profile

SISL has shown a y-o-y growth of 35% in FY20 and strong financial risk profile marked by ROCE of 26.71% and operating cycle of 19 days. The operating revenue has increased to Rs. 447 crore in FY20 whereas it was Rs. 333 crore in FY19 driven by healthy order inflow, order execution and stable revenue from on-going manpower contracts. The debt protection parameters also remained strong with interest coverage ratio of 2.67x and DSCR at 2.05x for the year ended March 31, 2020.

Established market position and distribution network

SISL has an established position as a distributor of computer hardware- and software-related solutions for the government sector such as PMO, NIC, IRCTC. It is a trusted vendor of NIC, NICS, Rail Tel, ITI, BSNL & Hartron in India and is also one of the 34 GST Suvidha Providers (GSPs) with GSTN.

Key Weaknesses

Modest scale of operations in the intensely competitive industry

Although business risk profile has improved over the years, the company remains a small player in an intensely competitive industry, with turnover of Rs 447.02 crore in FY20.

Working Capital Intensive Operations

The average collection period for FY20 is 83 days and inventory holding period is 18 days. This implies working capital intensive operations where much of the company cash is locked



Press Release

up with the customers. On average, the company takes around 82 days to pay its suppliers. However, all payments to suppliers are aligned with a corresponding receipt from customers.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adeqaute

The company has cash and bank balance of Rs.42.45 crore including FDR of Rs. 30.39 crore as on March 31, 2020. The projected GCA would be Rs. 17.44 crore, Rs. 23.35 crore and Rs. 29.12 crore in FY 21, FY22 and FY23 as against repayment obligation of Rs. 7.59 crore, Rs. 2.05 crore and Rs. 2.00 crore for the same period. Further, the company has sufficient gearing headroom due to its comfortable capital structure. Moreover, SISL utilization of the bank limits was satisfactory at around ~43% over the last 12 months ended on November 2020, indicating a satisfactory liquidity buffer.

About the Company

SISL Infotech Private Limited (SISL) is engaged in providing IT consulting services and also act as a trusted vendor of many government entities. The business of SISL Infotech was started with a mission to perform as a key system integrator at identifying, qualifying and delivering IT solutions, and become a recognized name for offering lasting values to both, partners and customers. The company operates out of 4 offices across India. It is also catering to the IT infrastructure needs of international businesses also with offices in the UK & Singapore as well. SISL operates in collaboration with their clients & deliver solutions that work for their business.



Press Release

Financials (Standalone):

(Rs. crore)

For the year ended/ As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	333.21	447.02
EBITDA	20.39	22.39
PAT	10.37	10.90
Total Debt	39.40	54.97
Tangible Net worth	26.92	37.51
EBITDA Margin (%)	6.12	5.01
PAT Margin (%)	3.10	2.42
Overall Gearing Ratio (x)^	1.45	1.53

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (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.	Letter of Credit/Bank Guarantee	Short Term	50.00	IVR A3	IVR A3	-	-
2.	Cash Credit	Long Term	10.00	IVR BBB-/Stable	IVR BBB-/Stable	-	-
3.	Proposed Bank Guarantee	Short Term	70.00	IVR A3	-		



Press Release

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.

Name and Contact Details of the Rating Analyst:

Name: Mr. Karan Girdhar

Tel: (011) 2465 5636

Email: kgirdhar@infomerics.com

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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. 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.



Press Release

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook
Short Term Bank Facilities- Letter of Credit/Bank Guarantee	-	-	-	50.00	IVR A3
Long Term Bank Facilities- Cash Credit	-	-	-	10.00	IVR BBB- /Stable Outlook
Proposed Bank Guarantee	-	-	-	70.00	IVR A3