



SISL Infotech Private Limited

November 18, 2019

**Ratings**

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1	Long Term Bank Facilities	10.00*	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned
2	Short Term Bank Facilities	50.00#	IVR A3(IVR A three)	Assigned
3	Total	60.00		

\*Includes proposed amount of Rs. 5.00 Crore Cash Credit.

#Includes proposed amount of Rs. 14.00 Crore Bank Guarantee.

**Details of Facilities are in Annexure 1**

**Detailed Rationale**

The rating assigned to the bank facilities of SISL Infotech Private Limited (SIPL) 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 Rating Factors**

- Growing Scale of Operations
- Improvement in the capital structure

**Downward Rating Factors**

- Any deterioration of debt protection metrics with heightened overall gearing to over 2x

**List of Key Rating Drivers with Detailed Description**

**Key Rating Strengths**

**Experienced promoters**

The promoters, Mr. Akash Nangia and Mr. Arjun Mittal, both have around a decade of experience in the IT and consulting industry. Long standing experience of the promoters supports the business risk profile of the company.



### **Established market position**

SISL has an established market position as a distributor of computer hardware and software related solutions and also caters to various government companies and departments.

### **Sustained revenue growth and strong financial risk profile**

SISL has shown a revenue growth of ~ 44% in FY19 with a healthy profitability. Further, the debt protection parameters also remained strong with interest coverage ratio of 3.59x in FY19. The promoters have infused fresh equity of Rs.2.81 crore in FY19. Further, the company has a strong revenue visibility backed by moderately strong orders from government and other entities.

### **Key Rating Weaknesses**

#### **Susceptibility of business risk profile to tender related business**

The orders of the company are largely tender driven. Further, the company is operating in a highly competitive industry marked by presence of many organised and unorganised players which restricts the profitability of the company to an extent. Although the company has an established track record continued success at tenders and renewals of contract remain critical for maintaining the scale of operation.

#### **Elongated receivable period**

The average collection period for FY19 has remained elongated over the past years and deteriorated from 76 days in FY18 to 89 days in FY19. High average receivable resulted in higher working capital requirements to support the business operations.

**Analytical Approach:** Standalone

#### **Applicable Criteria:**

Rating Methodology for Service Sectors Companies

Financial Ratios & Interpretation (Non-financial Sector)

**Liquidity: Adequate**



## Infomerics Valuation And Rating Pvt. Ltd.

The liquidity position of the company is expected to remain adequate marked by sufficient cash accruals. Further, its unutilized bank lines are adequate to support its working capital requirement over the next one year.

### **About the Company**

SISL Infotech Private Limited (SISL) incorporated in 2007 by a Chandigarh based family was taken over by the current promoters, Mr. Akash Nangia and Mr. Arjun Mittal in year 2012. The company is engaged in providing IT consulting services and also acts as a trusted vendor of many government entities. It is also catering to the IT infrastructure needs of international businesses also with offices in the UK & Singapore as well. SISL Infotech UK Limited is a subsidiary of SISL Infotech Private Limited and has been incorporated in calendar year 2019, for the purpose of acquisition of foreign projects based out of UK. Techanalytics Infotech Pvt. Ltd. (TIPL), formed in FY19, is an analytical vertical of SISL and formed for the purpose of research and development in artificial intelligence.

### **Financials (Standalone):**

<b>For the year ended* As on</b>	<b>(Rs. crore)</b>	
	<b>31-03-2018</b>	<b>31-03-2019</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	230.93	333.21
EBITDA	13.18	20.19
PAT	5.80	10.37
Total Debt	31.04	39.23
Tangible Net worth	14.09	26.93
EBITDA Margin (%)	5.71	6.06
PAT Margin (%)	2.50	3.16
Overall Gearing Ratio (x)	2.20	1.46

\*classification as per Infomerics standard

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil



## Infomerics Valuation And Rating Pvt. Ltd. Infomerics Ratings

### Rating History for last three years:

Sr. 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 – Cash Credit	Long Term	10.00*	IVR BBB- /Stable	-	-	-
2.	Short Term Non- Fund Based Limits –Letter of Credit/Bank Guarantee	Short Term	50.00 <sup>#</sup>	IVR A3	-	-	-

\*Includes proposed amount of Rs. 5.00 Crore Cash Credit.

<sup>#</sup>includes proposed amount of Rs. 14.00 Crore Bank Guarantee.

**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](http://www.infomerics.com).

### Name and Contact Details of the Rating Analyst:

Name: Mr. Karan Girdhar	Name: Mr. Avik Podder
Tel: (011) 2465 5636	Tel: 033-46022266
Email: <a href="mailto:kgirdhar@infomerics.com">kgirdhar@infomerics.com</a>	Email: <a href="mailto:apodder@infomerics.com">apodder@infomerics.com</a>

### 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.



## Infomerics Valuation And Rating Pvt. Ltd. Infomerics Ratings

**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
Long Term Bank Facilities- Cash Credit	-	-	-	10.00*	IVR BBB-/Stable
Short Term Bank Facilities – Letter of Credit/Bank Guarantee	-	-	-	50.00 <sup>#</sup>	IVR A3

\*Includes proposed amount of Rs.5.00 Crore Cash Credit.

<sup>#</sup>Includes proposed amount of Rs.14.00 Crore Bank Guarantee.