



Press Release

Conceptia Software Technologies Private Limited

August 27, 2024

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long term facilities	6.46	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	-	Assigned	Simple
Short term facilities	12.30	IVR A4+ (IVR A Four Plus)	-	Assigned	Simple
Total	18.76 (Rupees eighteen crores and seventy-six lakhs)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The assignment of the ratings to the bank facilities Conceptia Software Technologies Private Limited factors the extensive experience of the promoters, comfortable capital structure, Diverse product lines, and geographically diversified operations.

The ratings, however, are constrained by moderate scale of operation, and thin and volatile EBITDA margins.

The 'Stable' outlook reflects the expected sustainable increase in the overall financial profile in FY25 & beyond.

Key Rating Sensitivities:

- **Upward Factors**
 - Improvement in profitability metrics with EBITDA margin more than 7% on a sustained basis.
- **Downward Factors**



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- Deterioration in scale of operations that may lead to reduction in the cash accruals and EBITDA margins below 3%.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of promoters

CSTPL being established in 2004, has promoters with experience of more than 25 years in the field of IT, engineering, and shipbuilding. This vast experience has enabled them to improve their customer base and sustain them.

Comfortable capital structure

The capital structure remained comfortable marked by the overall gearing ratio which stood comfortable in FY23 at 0.50x improved in FY24 [(P) refers to period April 1st, 2023, to Mar 31, 2024] to 0.20x. The TOL/ TNW in FY24(P) is 1.01x as against 1.73x in FY23. The Debt Equity ratio improved to 0.09x in FY24(P) from 0.12x in FY23. The ratios improved significantly due to the improvement in tangible net worth in FY24(P): Rs 12.95 crore (FY23: Rs 9.15 crore) and the reduction the total debt in FY24(P): 2.65 crore (FY23: Rs 4.97 crore).

Diverse product lines

The company product line is diversified into various businesses like reseller of software products, engineering consultancy, marine & offshore design & allied services, software sales and training, manpower supply services, engineering services, installation and maintenance of solar power generation systems and engineering documentation. Having multiple product lines create various revenue streams, reducing dependency on a single source of income. However, diverse product line adds complexity to operations and can strain resources and lead to operational inefficiencies.

Geographically diversified operations



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The company has been able to maintain diversified operations spread across 8 to 10 different states in India. Karnataka and Andhra Pradesh are major contributors holding 39.17% and 35.13% of the total revenue in FY23 respectively. Other states like Kerala, Tamil Nadu, Telangana, West Bengal, etc collectively contribute for about 24.75% of the total revenue in FY23.

B. Key Rating Weaknesses

Moderate scale of operation

The scale of operation remained moderate. The total operating income in FY24(P) stood at Rs. 69.30 crore (FY23: Rs. 61.34 crore). The total operating income of the company registered a growth of 12.98% in FY24(P).

Thin and volatile EBITDA margins

The EBITDA margins are thin and volatile over the years. The margins increased to 4.78% in FY22 from 4.06% in FY21 but fell to 2.72% in FY23 and later increased to 6.59% in FY24(P).

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

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

[Criteria of assigning Rating Outlook](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

Liquidity: Adequate



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The liquidity of the company remains adequate in the near to medium term with comfortable Net Cash Accruals (NCA) improved from Rs. 0.82 crore in FY 21 to Rs. 1.77 crore in FY22 but reduced in FY23 to Rs. 1.10 crore. However, it improved then and stood at Rs. 3.36 crore in FY24 as against its debt repayment obligation of Rs. 0.33 crore due to increase in the EBITDA. The current ratio improved to 2.07x in FY24 from 1.64x in FY23, and the operating cycle days reduced to 35 in FY24 from 53 in FY23. The average utilization in the working capital stands moderate at around 70% in the last 12 months.

About the company

Conceptia Software Technologies Pvt Ltd was established in the year 2004. The company caters to the Engineering design industry and aims to be a global player. In addition to the scope of Engineering services for the product development industry, Conceptia provides detailed engineering services for Marine and offshore oil & gas industry. Conceptia undertakes projects on design for fabrications including 3D modelling and detail engineering of Hull structural for advanced ships and offshore marine structures.

Financials (Standalone):

Rs. Crore		
For the year ended* / As on	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	61.34	69.30
EBITDA	1.67	4.57
PAT	0.85	3.01
Total Debt	4.97	2.65
Tangible Net worth	9.90	12.95
EBIDTA Margin (%)	2.72	6.59
PAT Margin (%)	1.38	4.32
Overall Gearing ratio (X)	0.50	0.20



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Interest coverage (x)	2.73	6.78
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**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating History for last 3 years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Cash Credit	Long Term	4.30	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	-	-
2.	Term Loans	Long Term	2.16	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	-	-
3.	Bill discounting	Short Term	5.00	IVR A4+ (IVR A Four Plus)	-	-	-
4.	Bank Guarantee	Short Term	7.30	IVR A4+ (IVR A Four Plus)	-	-	-

Name and Contact Details of the Rating Team:



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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.

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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: Facility details:

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	Revolving	4.30	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
GECL	-	-	-	April 2027	0.20	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Property Loan	-	-	-	May 2034	1.21	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Term Loan	-	-	-	October 2026	0.75	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Bill discounting	-	-	-	-	5.00	IVR A4+ (IVR A Four Plus)
Bank Guarantee	-	-	-	-	7.30	IVR A4+ (IVR A Four Plus)

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Conceptia-aug24.pdf>

Annexure 3: Detailed explanation of covenants of the rated security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable



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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.

