



Press Release

PHN Technology Private Limited (PHNTPL)

August 21, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loan	59.78	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	Assigned	Simple
Long Term Bank Facilities – Cash Credit	20.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	Assigned	Simple
Proposed Long Term Bank Facilities	20.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	Assigned	Simple
Total	99.78 (Rupees Ninety-Nine crore and Seventy-Eight lakh only)				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has assigned its ratings to the bank facilities of PHNTPL derives strength from strong operating profile, comfortable capital structure, healthy orderbook and reputed clientele and extensive experience of promoters. The ratings strengths are, however, constrained by short term track record and exposure to intense competition from the unorganised players.

The assignment of stable outlook reflects expectations of sustained improvement in revenue with strong order book and improvement in credit profile with absence of debt led capex and stable profitability.



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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and profitability margins while maintaining the debt protection metrics may lead to a positive rating action.

Downward Factors

- Any deterioration in revenue and/or profitability margin leading to deterioration in debt protection metrics may lead to a negative rating action.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strong Operating profile

PHNTPL's revenue has improved by 257.38% on y-o-y basis to Rs. 94.60 crore in FY24(Prov.) (period refers to 01st April 2023 to 31st March 2024) with steady execution of orders. Further, PHNTPL has achieved revenue of Rs. 83.87 crore in 4MFY25 and is expected to further achieve revenue of Rs. 245.97 crore with strong order book.

EBITDA margins have declined though remained strong and at 30.30% in FY24(Prov.) from 65.05% in FY23 as during the year the company employed interns from the colleges which has resulted in lower manpower cost; however, during FY24 the company has employed skilled employees with experience which has resulted higher employee cost. Employee cost has increased to Rs. 18.71 crore in FY24 as compared to Rs. 5.98 crore in FY23. However, Infomerics expects remain at the current levels with stable revenue growth and stable operating cost.

Comfortable capital structure

PHNTPL's capital structure with overall gearing has deteriorated though remain comfortable and at 2.02x as on 31st March 2024 as compared to 0.18x as on 31st March 2023 as PHTNPL has purchased an office space funded through debt of Rs. 40.55 crore. TOL/TNW increased to 3.61x at the end of FY24(Prov.) due to year end purchases and the payables to office developer against office purchase to the tune of Rs.30 crore which is payable to developer by



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March 2025. However, with increased scale of operations and higher net worth overall gearing as well as TOL/TNW is expected to improve from FY25 onwards.

Healthy Orderbook position and reputed clientele

PHNTPL has healthy orderbook position of Rs. 390 crore as on 30th June 2024 (4.12x of revenue of FY24(P)) which gives strong revenue visibility. Some of the major clients includes Army Public School, Podar International School, MIT – Pune, D.Y. Patil, etc. As informed by the management the company has already received orders from Indian Space Research Organisation (ISRO) and Bharat Electronics Limited (BEL) and currently documentation is under process.

Extensive experience of promoters

Mr. Pradip Narayankar (Founder & Chairman and Managing Director has experience of around a decade in IT Consulting, trainings & Other Services industry. In a short span of time the promoters have expanded business across large geographical area and have also build a competent technical team. His understanding of the dynamics of the market and establish relationships with suppliers and customers support the business.

Key Rating Weaknesses

Short term track record

PHNTPL has short term track record of 6 years, 2018 being its first full year of operations, however, this risk is mitigated by experience management and strong order book.

Exposure to intense competition from the unorganised players

PHNTPL is exposed to intense competition from many unorganized players as there are low entry barriers in this segment.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

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

[Criteria on assigning rating outlook](#)



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Criteria on Default Recognition and Post-Default Curing Period

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to adequately match with debt repayment obligations. The average fund based working capital utilization for 12 months ending July, 2024 has been 69.28%. The current ratio and quick ratio stood at 0.74x and 0.68x respectively, as on March 31, 2024.

About the Company

PHNTPL was set up as a proprietorship in 2015 by Mr. Pradip Narayankar and it was later reconstituted as a private limited company in 2018. PHNTPL is engaged in setting up Robotics/AI labs and training sessions related to Robotics/AI in schools and colleges. The company is headquartered at Pune.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	26.47	94.60
EBITDA	17.22	28.66
PAT	12.37	19.93
Total Debt	3.50	78.65
Tangible Net Worth	18.95	38.88
EBITDA Margin (%)	65.05	30.30
PAT Margin (%)	46.71	21.06
Overall Gearing Ratio (x)	0.18	2.02
Interest Coverage (x)	-	14.33

**Calculations as per Infomerics Standard.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/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.	Term Loan	Long Term	59.78	IVR BBB-/ Stable	--	--	--
2.	Cash Credit	Long Term	20.00	IVR BBB-/ Stable	--	--	--
3.	Proposed Cash Credit	Long Term	20.00	IVR BBB-/ Stable	--	--	--

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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.

For more information and definition of ratings please visit www.infomerics.com.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	December, 2038	59.78	IVR BBB-/ Stable
Cash Credit	-	-	-	20.00	IVR BBB-/ Stable
Proposed Cash Credit	-	-	-	20.00	IVR BBB-/ Stable

Annexure 2: Facility wise lender details:

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

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

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

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.