



Press Release

SIBIN Learning Cart Private Limited

August 23, 2024

Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long-Term Bank Facility	25.00	IVR BBB-; Stable (IVR Triple B Minus with Stable outlook)	-	Assigned	Simple
Total	25.00 (INR Twenty- five crore only)				

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 rating assigned to the bank facility of SIBIN Learning Cart Private Limited (SLCPL) drives comfort from the long-proven track record of the promoters in the vocational training and computer equipment supply business. The rating also positively notes the strong business performance of the company in FY24 Provisional [FY refers to the period from April 1 to March 31] coupled with comfortable capital structure and satisfactory debt protection metrics. The rating also considers SLCPL's reputed clientele resulting in low counter credit party risk and the favourable industry outlook led by India's National Education Policy (NEP). However, these rating strengths remain constrained by relatively nascent stage of operations with geographical concentration, working capital intensive nature of operations, and exposure to regulatory risks.

The Stable outlook reflects steady credit risk profile of the company with expected improvement in business performance in the near term.

Key Rating Sensitivities:

Upward factors

- Substantial and sustained growth in scale of operations with improvement in profitability and net cash accrual on a sustained basis and consequent improvement in liquidity
- Sustenance of the capital structure while maintaining the debt coverage indicators
- Improvement in operating cycle

Downward Factors



Press Release

- Moderation in operating income and/or profitability impacting the debt protection metrics on a sustained basis
- Any unplanned capex leading to moderation in the overall gearing ratio to over 1x and ISCR below 6x.
- Moderation in the operating cycle to over 150 days leading to stretch in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

- **Experienced promoters and long operational track record**

Mr. Neel Prakash Chhetri has vast experience in vocational training and computer equipment supply business. Mr. Chhetri is at the helm of affairs of the SIBIN group along with a group of experienced and adequately qualified personnel who are in various positions of the group. The Sibin Group, had been engaged in providing vocational training, installing IT infrastructure and supply of computer equipment & peripherals since 1995. Though SLCPL is a newly incorporated entity, the group has operational record of nearly three decades in same line of business. Moreover, since there are not many specialized organized and unorganized players in this sector specially in the region in which the entity operates, SLCPL enjoys relatively lesser competition and higher market share.

- **Reputed clientele resulting in low counter party risk**

SLCPL is engaged in providing vocational training and supply of computer peripherals to various departments and educational institutes and has an esteemed customer base that includes Government departments of Sikkim, Assam, West Bengal, Tripura and Meghalaya under the National Skill Qualification framework covering more than 750 schools under NSQF in 5 states. SLCPL is also an official consultant in the capacity of Technical Support Group (TSG) of Higher Education, Education Department, Government of Sikkim to provide advisory & technical support under the Rashtriya Uchchatar Shiksha Abhiyan (RUSA). Since all the revenue of the company is generated from central and state government, it imparts comfort in the form of lower counter party credit risk.

- **Strong business performance in FY2024**

Incorporated on December 05, 2022, FY2024 is the first full year of operation for the company. SLCPL registered an operating revenue of ~Rs.123.63 crore and operating margin of 23.08% in FY2024 (Prov.). The company achieved a PAT of Rs.23.38 crore in its first year of



Press Release

operations. Consequently, NCA also stood comfortable at Rs. 23.61 crore in FY24 (Prov.) with nominal scheduled repayment obligation.

- **Comfortable capital structure with satisfactory debt protection metrics**

SLCPL has a comfortable capital structure marked by satisfactory net worth base of Rs.61.51 crore as on March 31, 2024, along with low reliance of external borrowings. The debt comprises of GECL loan and working capital borrowings. The long-term debt to equity and overall gearing of the company stood satisfactory at 0.09x and 0.45x respectively as on March 31, 2024 (Prov.). Overall indebtedness marked by TOL/TNW also stood comfortable at 0.86x as on March 31, 2024 (Prov.). With high operating profit and low finance cost, debt protection metrics marked by interest coverage ratio stood comfortable at 12.43x in FY24 (Prov.). Total debt to EBITDA and total debt to NCA also stood satisfactory at 0.97x and 1.18 years respectively as on March 31, 2024 (Prov.).

- **Favourable market outlook**

The growth outlook for skill development industry is likely to be favourable driven by the government initiatives to conduct the skill development programme, primarily for the underprivileged people across the country. These programmes provide trainees with relevant vocational skills to enable them to earn sustainable livelihoods.

Key Rating Weaknesses:

- **Nascent stage of operations coupled with geographical concentration risk**

SLCPL was incorporated on December 05, 2022, and hence the company is at its very nascent stage of operations. Further, the company derives most of its revenue (~80% in FY2024) from government of Sikkim and Tripura, which indicates a geographical concentration risk.

- **Tender driven nature of business coupled with susceptibility to regulatory risks**

Though the entity is empanelled for various Government agencies for vocational training and IT (Information Technology) needs, yet the orders are majorly awarded through the tender-based system. The growth of the business depends on its ability to successfully bid for the tenders and appear as the lowest bidder. Also, the education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are critical. Any changes in the government policy and spending on projects are likely to affect the revenues and operations of the company.

- **Working capital intensive nature of operations**



Press Release

SCLPL characteristically deals with government clients where its ability to bargain for better credit terms is limited. As a result, the company has a long collection period which puts pressure on its liquidity leading to almost full utilisation of working capital limits.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

[Criteria of assigning Rating Outlook](#)

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

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

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

Liquidity: Adequate

The liquidity profile of SLCPL is expected to remain adequate marked by its expected satisfactory cash accrual vis a- vis its nominal debt repayment obligations during the projected period of FY25-FY27. Further, with no planned debt funded capex, the capital structure is likely to remain comfortable in the near to medium term. The current ratio of the company also stood comfortable at 2.03x as March 31, 2024. However, the liquidity profile is restricted to an extent due to its working capital-intensive nature of operations resulting in almost full utilisation of working capital limits though out the year indicating low liquidity buffer.

About the Company

Sibin Group (SIBG) has started its operation from 1995 as a proprietorship entity by Mr Neel Prakash Chhetri of Gangtok, Sikkim. Since inception, the entity is engaged into providing vocational training, installing IT infrastructure and supply of computer equipment & peripherals. The entity provides these services to Government of Sikkim. This apart, under the same management, there are several other businesses like – NSDC certified skill development training centre and executing education and training projects are carried out in the states of Assam, West Bengal and Meghalaya and Tripura under Sibin Group Partnership firm. With the intention to solely focussing on vocational training, smart classes and IT infrastructure solution provider segment, SLCPL was incorporated on December 05, 2022, by taking over, the proportionate assets and liabilities of SBIN group (the proprietorship entity) and Sibin Group Partnership firm. SLCPL is headed by the same promoter Mr. Mr Neel Prakash Chhetri who has more than two decades of experience in vocational training and computer equipment supply business.



Press Release

Financials of SIBIN Learning Cart Private Limited: Standalone

(Rs. crore)

For the year ended* / As On	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	27.16	123.63
EBITDA	3.86	28.53
PAT	2.20	23.38
Total Debt	25.06	27.76
Tangible Net worth	38.13	61.51
EBITDA Margin (%)	14.21	23.08
PAT Margin (%)	8.10	18.89
Overall Gearing Ratio (x)	0.66	0.45
Interest Coverage	5.60	12.43

*Classification as per Infomerics' standards

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 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	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.	Overdraft against Book Debt	Long Term	25.00	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



Press Release

from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits –OD against Book Debt	-	-	-	25.00	IVR BBB-/ Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SIBIN-Learning-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



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

