

E-Procurement Technologies Limited

April 05, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	0.50	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	2.80	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (Double B Plus ; Outlook: Stable/ A Four Plus ISSUER NOT COOPERATING*)	Revised from CARE BBB+; Stable / CARE A2 (Triple B Plus ; Outlook: Stable / A Two) and moved to ISSUER NOT COOPERATING category
Total Bank Facilities	3.30 (Rs. Three Crore and Thirty Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from E-Procurement Technologies Limited (EPTL) to monitor the ratings vide e-mail communications dated February 10, 2022, March 11, 2022, and March 22, 2022 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on EPTL's bank facilities will now be denoted as **CARE BB+; Stable/ CARE A4+ ISSUER NOT COOPERATING ***

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of unavailability of requisite information to undertake detailed credit risk assessment.

The ratings assigned to the bank facilities of E-Procurement Technologies Limited (EPTL) continue to remain constrained due to EPTL's moderate scale of operations, intense competition in the IT industry and susceptibility of its business operations to Government projects.

The rating, however, draw strength from its healthy profitability and comfortable capital structure & debt coverage indicators. Further, the ratings continue to derive strength from vast experience of the promoters in the IT industry, established operational track record in e-tendering, e-auctioning and e-procurement business with diversified and reputed customer base.

Detailed description of the key rating drivers

At the time of last rating on April 05, 2021 the following were the rating strengths and weaknesses (updated from information available i.e. FY21 audited financials)

Key Rating Weaknesses

Moderate scale of operations

During FY21, EPTL's TOI declined by 18% to Rs.30.86 crore from Rs.37.60 crore during FY20. During, FY20, share of e-tendering and listing services reduced to ~53% of TOI (P.Y.:~63%), revenue generated from e-procurement services grew to ~26% in FY20 (P.Y.:~16%)

Intense competition in the IT industry and susceptibility of its business operations to the Government projects

The presence of few large industry players and increasing number of smaller firms has rendered the Government projects focused IT services & solutions segment intensely competitive, wherein margins could come under pressure as a result of aggressive bidding. Furthermore, government projects are largely awarded through competitive bidding and tendering process and these projects run the risk of changes in political and economic landscape in the country and changes in the regulatory framework as well

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key Rating Strengths

Healthy profitability

EPTL's profit margin remain healthy as indicated by PBILDT margin of 19.21% in FY21 (P.Y.:21.49%) and PAT margin of 11.86% in FY20 (P.Y.:13.47%). Gross cash accruals remained largely stable at Rs.4.26 crore during FY21 as compared to Rs.5.83 crore during FY20.

Comfortable capital structure and debt coverage indicators

EPTL's overall gearing remained low at 0.02 times as on March 31, 2021 (P.Y.: 0.05x) with accretion of net profit to reserves coupled with nil scheduled repayment of term debt at FY21 end.

Debt coverage indicators also improved marginally as marked by Total debt to GCA (TDGCA) of 0.15 years during FY21 (P.Y.: 0.35 years) on account of reduction in total debt coupled with increase in cash accruals during FY21. Interest coverage ratio remained healthy at 43.09 times (P.Y.46.10x) times during FY21 owing to healthy PBILDT and lower finance cost during FY21.

Experienced promoters and established track record of operations along with diversified and reputed customer base

EPTL has an operational track record of more than a decade and is promoted by Ms. Sangeeta Sinha, Mr. Ramesh Sinha, Mr. Rakesh Sinha and Mr. Mahesh Sinha. With an experience of more than two decades in the Information Technology (IT) Industry, key promoters have been able to establish relationships with its clientele including nationalized banks and government authorities as well as private players belonging to various business segments. Moreover, low customer concentration and wide range of services (including e-procurement service, e-tendering and listing service, advertisement services and digital signature services), reduces the risk of adverse impact of downturn in any particular industry.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating Methodology - Service Sector Companies](#)

About the Company

Ahmedabad-based (Gujarat) EPTL; an ISO 9001:2008 and ISO/IEC 27001:2013 certified company was incorporated during March 2006 and is promoted by Mrs. Sangeeta Sinha and Mr. Ramesh Sinha collectively with Mr. Rakesh Sinha, Mr. Mahesh Sinha and Mr. Jayesh Choudhry. EPTL is engaged into providing e-tendering and e-procurement services to various government as well as private entities. Furthermore, EPTL is also engaged in providing digital certificate services. The head quarter of EPTL is located at Ahmedabad with regional offices in Mumbai, Delhi, Kolkata, Gurugram and Chennai. EPTL is providing e-tendering services under the brand name of "Tender Tiger" which annually tracks more than two million tenders and provides real time information to around one lakh registered clients across the globe. e-procurement or e-auction services are marketed under the brand name of "Procure Tiger".

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (Prov.)
Total operating income	37.60	30.86	NA
PBILDT	8.08	5.93	NA
PAT	5.06	3.66	NA
Overall gearing (times)	0.05	0.02	NA
Interest coverage (times)	46.10	43.09	NA

A: Audited (financials available from MCA), Prov.:Provisional, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	2.80	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	0.50	CARE BB+; Stable; ISSUER NOT COOPERATING*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST*	2.80	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	1)CARE BBB+; Stable / CARE A2 (05-Apr-21)	1)CARE BBB+; Stable / CARE A2 (03-Apr-20)	-	1)CARE BBB+; Stable / CARE A2 (25-Mar-19)
2	Fund-based - LT-Cash Credit	LT	0.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BBB+; Stable (05-Apr-21)	1)CARE BBB+; Stable (03-Apr-20)	-	1)CARE BBB+; Stable (25-Mar-19)

* Long Term / Short Term

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

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications

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About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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