

## Genesys International Corporation Limited

October 30, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	30.00	CARE BBB; Stable	Reaffirmed
Short Term Bank Facilities	20.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the ratings assigned to bank facilities of Genesys International Corporation Limited continues to factor in comfortable debt metrics, mid-term revenue visibility and FY23's performance in line with earlier expectations. However, the rating is constrained by Q1FY24's performance, high customer concentration risk and stretched collection cycle.

### Rating sensitivities: Factors likely to lead to rating actions.

#### Positive factors

- Improvement in PBILDT margin of over 28% on a sustained basis.
- Improvement in scale of operations by sustaining the revenue above Rs. 300 crores.
- Improvement in cash flow from operations on a sustained basis.

#### Negative factors

- Adjusted overall gearing over 1.5x on sustained basis.
- Significant decline in PBILDT margin on a sustained basis.
- Company reporting PAT level losses.

### Analytical approach: Consolidated.

GICL has two subsidiaries, wherein there is commonality of management and the similarity in nature of business. The said subsidiaries aids GICL in diversifying in different geography. Accordingly, the analytical approach continues to remain consolidated. The list of subsidiaries considered for consolidation is listed in Annexure- 6

### Outlook: Stable

The stable outlook reflects the company's healthy order book visibility backed by growing need of geospatial technology across the key industries to support GICL's growth.

### Detailed description of the key rating drivers:

#### Key strengths

##### Comfortable credit metrics in FY23 likely to continue in mid-term.

The capital structure of the company continues to be comfortable with overall gearing below unity at 0.13x in FY23 (FY22: 0.38x). There is no term loan in the books of GICL. The company's leverage continues to remain healthy with the absence of term loan. The tangible net worth of the company is high at Rs.308.35 crores in FY23 (FY22: Rs. 109.49 crores). The increase in net worth is primarily on account of issuance of shares followed by y-o-y accruals. CARE Ratings expects the overall gearing to remain comfortable in near to mid-term. Moreover, the interest coverage continues to be strong at 8.66x in Q1FY24 (FY23: 21.37x). The deterioration in interest coverage was on account of low profitability in Q1FY24.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### **Albeit weak Q1FY24 performance Strong order book showcase the healthy revenue visibility**

The expanding Digital Infrastructure segment, government's application of the geospatial technologies in its national projects and initiatives is expected to be beneficial for GICL's services. GICL's entrance into the Digital twin Program, is further expected to boost its revenue generation. As on October 16, 2023, the company has an order book of Rs.300.00 crores along with further sufficient pipeline.

Along with increasing its presence in domestic market, the company has set up a subsidiary in Saudi Arabia and is expected to benefit from Saudi Arabia's infrastructure development program. GICL has bagged total order worth Rs.76.00 crores from Saudi Arabia. The expanding geography is further expected to aid the company in improving its top line in near to medium term.

GICL's FY23 performance has shown significant improvement with more than 50% improvement in Total Operating Income at Rs. 184.26 crores (FY22: 121.09 crores) and operating margin at 34.08% (FY22: 24.49%). This was backed by both increasing demand for geospatial technology resulting in moderate order book and its development of 2D & 3D content segment.

### **Key weaknesses**

#### **Slow Q1FY24 performance:**

Though the company has performed better in FY23, the performance of GICL in Q1FY24 has dwindled. Historically, the Q1 quarter has been slow for the company. The top line of the company was low in Q1FY24 at Rs. 34.55 crores (Q1FY23: Rs. 42.69 crores; FY23: Rs.184.27 crores) on account of delayed billing. As on date, sufficient portion of delayed billing has been completed and hence the lost revenue is expected to be recovered in subsequent quarters. Moreover, the operating margin had declined at 16.80% in Q1FY24 (FY23: 27.50%) as company has incurred pilot project expense, which is related to subsidiary that has been set-up in different geography. Though the management of GICL expects the operating margin in FY24 to be at same level as that of FY23 owing to 2D & 3D content service segment, CARE Ratings believes the performance of the subsequent quarters will be key monitorable. Also, the company continues to book PAT level losses at Rs. 5.46 crores (FY23: 15 crores; FY 22: loss of Rs. 40.00 crores) owing to the declined operating margin.

#### **Customer concentration risk and high collection period:**

There continues to be customer concentration risk with top ten customers contributing 99% towards the total revenue of the company as of June 30, 2023. (FY23: 84%). Also, 22% of receivables as on June 30, 2023, are for time duration of more than a year. (FY23:21%; FY22: 13%), resulting in elongated collection cycle. The total collection cycle of the company as on March 31, 2023, continues to remain elongated at ~132 days (As on March 31, 2022: 126 days). However, the overall working capital cycle stood moderate at 60 days as on March 31, 2023 (As on March 31, 2022: 49 days) due to payable days of ~72 days as on March 31, 2023 (As on March 31, 2022: 77 days). The cash flow from operations stood negative at Rs. 9.48 crores as on March 31, 2023 (As on March 31, 2022: 1.69 crores). Moreover, the return on capital employed is modest at ~10% as in FY23.

#### **Liquidity: Adequate**

The liquidity of GICL is adequate with gross cash accruals of Rs.53.78 crores as of March 31, 2023, and same is expected to be remain comfortable in near to mid-term given the expected improvement in top line and continuance of healthy operating margin. The cash and bank balance as on August 18, 2023, was Rs.15.74 crores. Moreover, proceeds from share warrants of ~Rs. 57.00 crore is scheduled to be received in FY24, which will be used to incur capex of around Rs.60.00 for 2D& 3D content service segment along with gross cash accruals. In addition to this, the company has no term loan and hence no major debt obligations. The company has liquid asset of Rs. 51.14 crores in form of mutual funds as on March 31, 2023. Against all these sources, the total repayment against the vehicle loan and lease payment is Rs.7.92 crores and Rs. 7.48 crores, in FY24 & FY25, respectively. The company has only Rs.10.00 crores of fund-based limits, the utilisation of which stood at 94.91% for last twelve months ended September 30, 2023.

### **Environment, social, and governance (ESG) risks**

- **Environmental:** The company being into tech industry is not a significant carbon emitter.
- **Social:** The company has in place health and safety policies in the company along with necessary training to maintain healthy work environment.
- **Governance:** Code of conduct, Corporate Social Responsibility (CSR) and Whistleblower policies in place, Disclosure on Corporate Governance, etc

## Applicable criteria

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Information Technology	Information Technology	IT - Services	IT Enabled Services

Mumbai (Maharashtra) based Genesys International Corporation Limited (GICL) was incorporated in 1995 and managed by Mr. Sajid Malik as a public limited company. GICL engaged into providing Geospatial Information Systems (GIS) primarily involving digitization of maps, and conversion of paper-based drawings to the digital platform. GICL provides services to companies in industry verticals such as urban development, utilities, natural resources, disaster management, telecom, civil engineering, construction, infrastructure, and media. The company is listed on the Bombay Stock Exchange and the National Stock Exchange. GICL is ISO 9001:2000 certified company, with its head office located at Mumbai, Maharashtra.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24 (UA)
Total operating income	121.09	184.27	34.55
PBILDT	29.08	62.81	5.80
PAT	-39.69	14.93	-5.46
Overall gearing (times)	0.38	0.13	NA
Interest coverage (times)	11.15	21.37	8.66

A: Audited UA: Unaudited; NA: Not available; Note: 'the above results are latest financial results 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:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE BBB; Stable
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BBB; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	20.00	CARE A3+

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB; Stable	-	1)CARE BBB; Stable (23-Nov-22)	1)CARE BBB-; Stable (28-Sep-21)	1)CARE BBB-; Stable (28-Sep-20)
2	Non-fund-based - ST-Bank Guarantee	ST	20.00	CARE A3+	-	1)CARE A3+ (23-Nov-22)	1)CARE A3 (28-Sep-21)	1)CARE A3 (28-Sep-20)
3	Fund-based - LT-Cash Credit	LT	10.00	CARE BBB; Stable	-	1)CARE BBB; Stable (23-Nov-22)	1)CARE BBB-; Stable (28-Sep-21)	1)CARE BBB-; Stable (28-Sep-20)

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

**Annexure-6: Name of the companies consolidated with GICL**

Sr. No.	Subsidiary	Shareholding
		As on June 30, 2023
1	A N Virtual World Tech Ltd	97.73%
2	Virtual World Spatial Technologies Limited#	100%
3	Genesys Middle East Limited	100%

# The Company has entered into the scheme of merger with the said subsidiary company, i.e., Virtual World Spatial Technology Private Limited which has been filed with NCLT on 1st April 2023.

**Note on the complexity levels of the rated instruments:** CARE Ratings 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](mailto:care@careedge.in) for any clarifications.

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