

Inventive Software Solutions Private Limited

January 16, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	20.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable / CARE A3 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Inventive Software Solutions Private Limited (ISSPL) to monitor the ratings vide email communications/letters dated December 26, 2024, December 21, 2024, and December 12, 2024, among others 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 ISSPL's bank facilities will now be denoted as CARE BB+; Stable; ISSUER NOT COOPERATING / CARE A4+; ISSUER NOT COOPERATING. The ratings have been revised on account of non-availability of requisite information due to non-cooperation by ISSPL. CARE views information availability risk as a key factor in its assessment of credit risk.

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

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on January 03, 2024, the following were the rating strengths and weaknesses:

Key weaknesses

Modest scale of operations limiting the company's financial flexibility:

ISSPL's scale of operations remained modest though growing as marked by total operating income of Rs. 84.31 crore during FY23 as against Rs. 62.74 crore during FY22. The growth in total operating income was largely on account of increasing opportunity for private players in meter reading, meter installation etc. The modest scale limits the firm's financial flexibility in times of stress and deprives it from scale benefits. Though, the risk is partially mitigated by the fact that the scale of operation is growing continuously.

Improved though elongated collection period of 63 days during FY23:

The working capital cycle of the company is elongated as the company raises invoice by 10th of the next month. The payments from the customers for the same is received within 2 months from the date of Invoice. The average collection period in FY22 stood at 84 days which improved to 63 days in FY23. The collection period is high owing to the nature of the industry the company operates in. Collection period remain high on account of procedural delays for payment from government department.

Risk related to tender based nature of operations leading to competitive landscape

Risk related to tender based nature of operations. The company receives majority of its work orders from government departments. All these are tender-based, and the revenues are dependent on the company's ability to bid successfully for these

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

tenders. Profitability margins come under pressure because of the competitive nature of the industry. However, the promoters' long industry experience mitigates this risk to some extent. However, there are numerous fragmented players operating in the segment which makes the meter installation space highly competitive.

Key strengths

Experienced promoters with long track record of operations

ISSPL is managed by Mr. Devesh Garg, Managing Director, who has an extensive experience of more than 17 years in the industry. The company is also managed by Mr. Yogesh Garg, Director, who has done his Engineering from IIT Rorkee and leads Administration, Product, Engineering, and Data Sciences areas of the company & has been in the industry for last 15 years. This has helped the company in establishing itself across geographies while maintaining strong associations with reputed government and private customers.

Satisfactory financial risk profile

The company has satisfactory financial risk profile characterised by comfortable overall gearing and debt coverage indicators. The company has net-worth base of Rs. 24.95 crores as on Mar 31, 2023 and does not have any term debt. The overall gearing thus stood comfortable at 0.38 times as on Mar 31, 2023 (PY 0.06 times). The debt coverage indicators also stood comfortable with interest coverage and total debt/GCA of 11.97x and 0.26x respectively during FY23.

Long term association with reputed distribution companies

ISSPL has long term association with government & private distributions companies including Uttar Pradesh Power Corporation Limited (UPPCL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Madhyanchal Vidyut Vitaran Nigam Limited (MVVNL), Pashchimanchal Vidyut Vitran Nigam Limited (PVVNL), Meghalaya Energy Corporation Limited (MeECL), Uttar Haryana Bijli Vitran Nigam (UHBVN), Tata Power Delhi Distribution Limited (TPDDL), Purvanchal Vidyut Vitaran Nigam Limited (PUVVNL) and Delhi Jal Board among others which has resulted in getting repeat orders from these organizations.

Moderate order book with medium term revenue visibility:

The company is having moderate unexecuted order book of Rs. 251 crores as on November 30, 2023, which is expected to be completed within next 2-3 financial years providing revenue visibility over the medium term. The company has major order for MRI & spot billing in the different states of Odisha, UP, Delhi and Haryana. ISSPL get contracts from power distributions companies by bidding on the tenders which has a tenure ranging between 1-3 years.

Liquidity: Adequate

The liquidity of company is adequate characterised by expected cash accruals of ~Rs. 7.12 crores in FY24 against nil debt repayment obligation. The company does not have any planned CAPEX, and it has free cash and cash equivalents of Rs.0.18 crore as on March 31, 2023. The WC limits of the company remain ~67.87% utilized for past 12 months ending October 2023. Further, the current ratio of the company stood satisfactory at 2.17x as on March 31, 2023.

Applicable criteria

[Policy on Default Recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Policy in respect of non-cooperation by issuers](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Short Term Instruments](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

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

ISSPL was incorporated in 2006 in Agra, Uttar Pradesh, by Mr. Devesh Garg (MD) & Mr. Yogesh Garg (Director). ISSPL is involved in offering services of meter installations, meter reading analysis and comparison, MRI / android-based billing services for power

utilities, theft detection & reporting, billing audit, spot billing using handheld/android devices, real-time revenue reporting services etc for various utilities across India. It has its in-house developed software for performing most of these activities. ISSPL get contracts from power distributions companies by bidding on the tenders. The general tenure of this contracts varies between 1-3 years.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)
Total operating income	62.74	84.31	48.60
PBILDT	6.30	8.46	4.89
PAT	4.54	5.66	3.40
Overall gearing (times)	0.38	0.06	0.24
Interest coverage (times)	20.37	11.97	14.38

A: Audited UA: Unaudited; 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 and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	20.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Cash Credit	LT	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (03-Jan-24)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	20.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (03-Jan-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

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

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

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About us:

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Disclaimer:

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