

## SISL Infotech Private Limited

January 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	78.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	122.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from 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 Limited (CARE Ratings) has been seeking information from SISL Infotech Private Limited (SISL) to monitor the rating(s) vide e-mail communications dated July 15, 2024, November 28, 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 has reviewed the rating on the basis of the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating.

The rating on SISL's bank facilities will now be denoted as CARE BB+; Stable; ISSUER NOT COOPERATING\* /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 rating has been revised on account of inadequate information available for assessment of the ratings. Further, the revision is also on account of the inability to monitor the performance of the firm going forward due to non-cooperation by the issuer.

### Analytical approach: Consolidated

CARE Ratings has considered the consolidated financials of SISL for analytical purposes owing to financial and operational linkages between the company and its subsidiaries. The list of subsidiaries considered for consolidation are mentioned in Annexure-6.

### Outlook: Stable

The company will continue to benefit from its established domestic market presence, backed by its strong relationships with suppliers.

### Detailed description of key rating drivers:

At the time of last rating on October 19, 2023, the following were the rating strengths and weaknesses:

#### Key weaknesses

##### Entirely tender driven business with relatively low entry barriers

SISL operates in a highly competitive market with relatively lower entry barriers to participate in the tenders. SISL's business is primarily based on tenders for IT system integration with limited technological complexities. As a result of this modest margins are earned on these contracts, as the players bid competitively. However, CARE Rating notes that SISL has built up a successful track record in executing government contracts which makes it a preferred vendor to numerous government entities.

##### Working capital intensive operations

CARE Ratings observes that, while the net working capital cycle is moderate between 40-60 days, the company's overall working capital requirement are still significant and driven by its large debtors' days between 110-160 days. SISL's large debtor days are attributed to retention money, which remains with the client for a stipulated period after the contract is executed. CARE notes that any delay receipt of payment can result in large increase in working capital requirement.

##### Low albeit stable margins

Despite the increase in revenue in FY23, SISL's EBITDA margin has remained moderate. Because system integration is the company's core operation, the CARE team anticipates that the company's margins will remain in the range of 4.5% to 6.5%. According to CARE Ratings, the increasing scale of operation will translate in higher gross cash accruals in subsequent years.

### Increasing customer concentration

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

SISL's majority of the revenue is generated from government and PSU's. The reliance on top 5 clients has increased from 29% to 62% of total income from operations for FY21 and FY23 respectively. Although SISL's customers have a high credit profile and these projects are pre funded SISL is exposed to the customer concentration risk. CARE believes that any material changes in the budgetary expenditure in a given year can adversely affect SISL's revenue visibility.

## Key strengths

### Long-term association with reputed clientele

SISL has been in the market for more than 15 years and has successfully executed more than 6000 projects. Its repetitive clientele includes public sector enterprises like Railtel, National Informatics Centre Services, Bharat Electronic Limited, The Oriental Insurance Company etc. and private corporations like TCS, Trident EPC Limited, Larsen and Toubro Limited. Recently, the Company has also secured prestigious project from Ministry of Defence. Through its UK subsidiary SISL provides services to Indian clients in countries like Netherland, Canada, Switzerland, Singapore, Dubai. The top 5 clients of SISL contribute 62% of the total revenue in FY23, as compared to ~29% in FY21.

### Moderate albeit improving scale of operation

The total revenue from operation has shown a y-o-y growth of 53% in FY23 with Rs. 672.13 crores (FY22: Rs. 438.19 crores). The sale of products and service contributes ~70% and 30% respectively to revenue mix. The sales has shown CAGR of ~13% from FY19 to FY23. The order book status as on September 30, 2023 stood at Rs. 416 crores. SISL is also currently ranked as L1 in tenders worth Rs. 154 crore. CARE Ratings expects the company to achieve turnover of more than Rs. 750 crores for FY24.

### Long-standing relationships with the suppliers

SISL has partnerships with brands like CISCO, Vmware, Adobe, IBM, Dell Technologies, Google, Amazon, Microsoft for proving solutions and software. It has long-standing relationships with their suppliers like Redington (India), Ingram Micro, Dell International Services India, Tech Data Advance, Microsoft Corporation, which enables SISL to negotiate longer credit period ranging from 180 to 270 days. The credit period is usually negotiated with vendors on a back-to-back basis considering the credit terms being offered to the client. This helps the company exercise control over its working capital requirements.

### Improving network and credit ratios

The network of SISL has improved to Rs 72.15 crore as on March 31, 2023 from Rs 35.71 crore as on March 31, 2020. Leverage coverage ratios has improved reflected in interest coverage and term debt to PBILDT ratios of 3.10 times (In FY22: 1.81) and 0.95 times (In FY22: 2.37), respectively, in FY 2023. SISL is presently working towards increasing the share of borrowings from banks (vis-à-vis channel financing NBFCs), which is expected to reduce average interest cost from 13% to 9.25-9.50% from FY 24 onwards. The reduction in the lending rate is also reflective of the improvement in the overall credit profile of the company and the increasing comfort that the lenders have with the company.

### Liquidity: Strong

In FY23 SISL's free cash balance stood at ₹38 crore as on March 31, 2023. The company has car loan repayment of Rs. 0.65 crs for FY24 which will be comfortably met from accruals, while its loans availed from channel financier Hewlett Packard Financial Services are repaid from the revenue receipts. The utilization of the fund-based working capital limits during the 12 months ended June 2023 was 79.8% against sanctioned limits of ₹78 crore. The working capital cycle which stood at 47 days in FY23; (FY22: 54 Days).

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

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

## About the company and industry

## Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Information Technology	Information Technology	IT - Hardware	Computers Hardware & Equipments

SISL Infotech Private Limited (SISL) was incorporated in 2007 by Akash Nangia and Arjun Mittal. The company works as system integrator, helps customers bring automation to their business functions with IT software and services. SISL provides IT (Information Technology) software and services in the segment of analytics, backup, infrastructure, network, security, software licensing, and virtualization services with manpower services. The company has served varied segment like government sector, oil and gas, education, manufacturing, telecom, and other industries in India.

## Consolidated Financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1 FY25 (UA)
Total operating income	658.89	NA	NA
PBILDT	34.96	NA	NA
PAT	18.52	NA	NA
Overall gearing (times)	1.48	NA	NA
Interest coverage (times)	2.59	NA	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

## Standalone financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1 FY25 (UA)
Total operating income	603.27	NA	NA
PBILDT	29.29	NA	NA
PAT	13.87	NA	NA
Overall gearing (times)	1.60	NA	NA
Interest coverage (times)	2.25	NA	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Infomerics has conducted the review on the basis of best available information and has classified SISL Infotech Private Limited as "Not cooperating" vide its press release dated September 05, 2024.

**Any other information:** Not Applicable

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

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of 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-Long Term	-	-	-	-	78.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	-	122.00	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-Long Term	LT	78.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (19-Oct-23)	-	-
2	Non-fund-based - ST-BG/LC	ST	122.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A3 (19-Oct-23)	-	-

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

LT: Long term; ST: Short 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-Long Term	Simple
2	Non-fund-based - ST-BG/LC	Simple

#### Annexure-5: Lender details

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

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	SISL Infotech UK Limited	Full Consolidation	Operational and financial linkages
2	TIPL Techanalytics Infotech Private Limited		

**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](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Krunal Pankajkumar Modi Director <b>CARE Ratings Limited</b> Phone: 079-40265614 E-mail: <a href="mailto:krunal.modi@careedge.in">krunal.modi@careedge.in</a>
<b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Raunak Modi Assistant Director <b>CARE Ratings Limited</b> Phone: 91-22-6754 3537 E-mail: <a href="mailto:raunak.modi@careedge.in">raunak.modi@careedge.in</a>
	Renuka Mahimkar Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Renuka.Mahimkar@careedge.in">Renuka.Mahimkar@careedge.in</a>

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**