Compucom Software Limited
June 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	7.00	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	14.50 (Enhanced from 14.00)	CARE BBB-; Stable / CARE A3	Reaffirmed
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Compucom Software Limited (CSL) continue to derive strength from the vast experience of the promoters in the Information and Communications Technology (ICT) industry and its long track record of securing as well executing projects from state governments. The ratings further draw strength from its healthy profitability, comfortable capital structure, and adequate liquidity.

The ratings, however, are constrained on account of the tender based nature of operations with high dependence on government tenders. The ratings are further constrained on account of risk of delay in collections from state department for ICT projects, project implementation risk with respect to diversification project, competition from other organized and regional players, and its moderate debt coverage indicators.

CARE Ratings Ltd. (CARE Ratings) has withdrawn the ratings assigned to the credit exposure limit of CSL sanctioned by IndusInd Bank as the lender has cancelled the said facility as per the latest "Modification of Credit Facility" letter. The rating action has been taken at the request of the company and receipt of the said letter from IndusInd Bank for the facility rated by CARE Ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in TOI to over Rs.80 crore with increase in procurement of tenders along with successful completion and stabilization of hotel and cold storage facilities.
- Improvement in collection period to around 200 days, enhancing the liquidity profile of the entity.

Negative factors

- Failure in procurement of new orders / delayed execution of existing orders resulting in continued moderation in TOI along with PBILDT margin falling below 12.00% on sustained basis
- Deterioration in overall gearing beyond 0.50x on sustained basis or moderation in liquidity profile resulting in significant depletion of available liquidity / increased reliance on working capital debt.

Analytical approach: Consolidated

For arriving at the ratings of CSL, CARE Ratings Ltd. (CARE) has taken a consolidated approach of CSL and its wholly-owned subsidiary namely CSL Infomedia Private Limited (CIPL). CIPL is mainly engaged in multimedia, content development, and education TV segment, and provides satellite education infrastructure, which is utilized by CSL for providing education services. Majority revenue in the consolidated financials is contributed by CSL.

Outlook: Stable

Stable outlook reflects CARE's expectations that company shall sustain its credit risk profile in near to medium term with growth in scale of operations, along with healthy profitability and comfortable capital structure, aided by its established operations in the industry.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with established track record of operations

CSL was incorporated in 1999 and has a long track record of operations along with vast experience of promoters. Mr. Surendra Kumar Surana, working in the capacity of Managing director and Chief Executive Officer (MD & CEO), has more than 30 years of experience in the ICT industry. He is ably supported by experienced staff looking after their respective functions. Further, the company has highly qualified and experienced board of directors.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Demonstrated track record in securing and executing tender-based projects from State Governments
CSL provides information technology (IT) hardware, software and learning solution services to the State Governments, mainly to Government of Rajasthan (GoR). It derives around 80% of its business from its learning solution services. The company has completed five ICT and two Computer Aided Learning Programme (CALP) projects of GoR in past and an ICT as well as Computer Aided Training Programme (CATP) of Government of Bihar. Although geographical concentration exists for the company, it has an established track record of over 20 years in securing government tenders and participates in tenders floated by the state government departments on a regular basis. With increased competition, CSL has not been able to secure any new sizeable order since last 1.5-2 years and TOI is dependent in few long-term contracts (remaining tenor 2-2.5 year), accordingly augmentation of orderbook along with sustained order execution shall remain crucial from the credit perspective.

Comfortable capital structure albeit moderate debt coverage indicators
The capital structure of CSL stands comfortable, with a net debt-free position as on March 31, 2025, though it avails need-based overdraft against fixed deposits and regular WC limits to fund bulk procurement required under contracts, leading to higher finance costs. Its overall gearing stood comfortable at 0.21x at FY25 end (PY: 0.27x). Net worth base stood moderate at Rs.140.25 crore as on March 31, 2025.
Company is yet to avail a major portion of its sanctioned term loan of Rs.7.00 crore for the pending capex of ~Rs.11.50 crore (for its cold storage project). Even after considering the availment of the same, the capital structure of CSL is expected to remain comfortable over the projected period. Debt coverage indicators, however, moderated during FY25 with PBILDT Interest Coverage ratio of ~1.53x (P.Y: 5.61x) and Total Debt/GCA of 4.34x (P.Y: 3.31x) on account of moderation in scale and higher finance costs.

Key weaknesses

Limited scale and revenue visibility though profitability remained healthy
CSL's TOI declined 52% y-o-y to Rs.33.68 crore in FY25 (PY: Rs.70.32 crore) on account of a limited orderbook and negligible trading activities during the year. Its operating profitability continued to remain healthy around 17.43% in FY25 (P.Y.: 17.15%). As on March 31, 2025, CSL had an outstanding orderbook of around Rs.66 crore to be executed in the next three years, with no new major orders added post last review; translating into a limited revenue visibility. Thus, augmentation of orderbook along with sustained order execution shall remain crucial from the credit perspective.

Tender based nature of operations with high dependence on government tenders
Majority of CSL's revenue is generated through participation in tenders floated by state governments for the CALP/ICT projects, rendering its operations dependent on the policies of government organizations. Since tenders for these projects are not announced by the states on a regular basis, the company's total operating income has shown fluctuation in the past and remains limited. Therefore, it becomes imperative for the company to continually secure tenders to have revenue visibility for the future years.

Risk of delay in collections from state department for ICT projects
Historically, the company's ICT projects have exhibited long payment periods due to delayed payments by government departments. This has led to higher debtors for the company, on account of which the average collection period for the past three years averaged around 300 to 400 days. So, realisation of the outstanding receivables along with sustained improvement in collection period vis-à-vis historical average shall remain critical for the liquidity profile of the company.

Project implementation risk with respect to diversification project
CSL is undertaking two diversification projects. It is constructing a 4-star heritage hotel in Sitapura, Jaipur at an estimated cost of Rs.28.00 crore, to be funded entirely through internal accruals. As on date, around Rs.25 crore of cost has been incurred on this project. CSL is also setting up a cold storage with capacity of 7880 MT, for storage and sale of fruits and vegetables. The total expected cost for the project is ~Rs.11.50 crores, to be funded through a term loan of Rs.7.00 crore and the balance through internal accruals. The hotel project is partially operational, while the execution of the cold storage project is ongoing. Both the projects are expected to be fully operational by Q3FY26. Financial closure has been achieved; however, a major portion of the capex is yet to be incurred. Hence, the project execution and stabilization risks persist.

Liquidity: Adequate

CSL has an adequate liquidity profile, marked by low scheduled debt repayments and presence of adequate cash and investments (incl. lien-marked FDs) of over Rs.81 crore as on March 31, 2025. While the company has a long collection period from State Governments, large part of its funding requirements is primarily met through internal accruals and working capital debt availed against fixed deposits. However, ongoing capex projects of the company might require reliance on external debt owing to limited cash accruals of the company. Thus, timely completion of these projects without any major cost over-run and generation of envisaged revenue thereof, along with improvement in the collection period shall remain critical for the liquidity profile of the entity.

Applicable criteria

[Consolidation]
[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Financial Ratios – Non financial Sector]
[Withdrawal Policy]
[Service Sector Companies]
[Short Term Instruments]

About the company and industry
Industry classification

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

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	70.32	33.68
PBILDT	12.06	5.87
PAT	5.59	1.48
Overall gearing (times)	0.27	0.21
Interest coverage (times)	5.61	1.53

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

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 - LT-Term Loan		-	-	January 2031	7.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	14.50	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Credit Exposure Limit		-	-	-	0.00	Withdrawn

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	7.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Jul-24)	1)CARE BBB-; Stable (06-Jul-23)	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	14.50	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (12-Jul-24)	1)CARE BBB-; Stable / CARE A3 (06-Jul-23)	-
3	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	-	1)CARE A3 (12-Jul-24)	1)CARE A3 (06-Jul-23)	-

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 - LT-Term Loan	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Non-fund-based - ST-Credit Exposure Limit	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	CSL Infomedia Private Limited	Full	Wholly-owned subsidiary

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:
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 Reserve Bank of India. 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. For more information: www.careratings.com

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