

Atishay Limited

August 09, 2017

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	4.64	CARE BBB ; Stable (Triple B; Outlook: Stable)	Reaffirmed
Short-term Bank Facilities	4.00	CARE A3+ (A Three Plus)	Reaffirmed
Total facilities	8.64 (Rs. Eight crore and sixty four lakh only)		

Details of instruments/facilities in Anneuxre-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Atishay Limited (AIL) continue to derive strength from experienced and professionally qualified management, well-established track record in database management business, diverse geographical presence along with diversified service offerings within the information technology segment and reputed clientele base. The ratings, also, continue to get strength from healthy profitability, comfortable solvency position and comfortable liquidity position.

The ratings, however, continue to remain constrained by its small scale of operations with aggressive competition from other established players and stringent qualitative parameters while awarding large-sized projects.

The ability of AIL to increase its scale of operations, diversify its client base and product portfolio along with increasing the occupancy levels for its newly-established hotel business will remain the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Geographically diversified presence along with diversified services within information technology segment and reputed clientele

AIL provides services like large scale data entry, scanning solutions, database management. The company provides services to Chief Electoral Officer of Madhya Pradesh and Maharashtra like electoral roll printing and electoral photo identity card. AIL is empanelled by Unique Identification Authority of India (UIDAI) to work for Aadhaar scheme across Rajasthan, Madhya Pradesh, Maharashtra, Bihar, Uttar Pradesh and Gujarat. The Company is empanelled as a system integrator for marketing and selling of BSNL data services for the State of Madhya Pradesh, Chhattisgarh and Maharashtra. It is also channel partner of BSNL to cater the clients with fibre leased lines and bulk CUG connection within the same state. The company is a Local Service Provider (LSP) for LokSeva Kendra of two districts of Madhya Pradesh. It also works as a LSP for e-Mitra project of the Government of Rajasthan. The company is also providing retail services like Online Mobile Recharge, DTH recharge, Bills Payments, Utility bill payments, domestic money transfer, mobile no. in Aadhar card, E-mail ID updation in Aadhaar card through its portal namely "Atishay Online". The company also provides PVC/smart card printers with required software for printing of Aadhaar card. The Company has ventured into hospitality sector by setting up "Hotel Atishay" in Bhopal.

Improvement in TOI and comfortable profitability margins

AIL registered growth in its Total Operating Income (TOI) of 24.55% in FY17 to Rs.23.48 crore as against Rs.18.85 crore in FY16 mainly on account of income generated from its hotel namely "Hotel Atishay" and increase in income from retail services like Recharge, E-mitra services which offset to an extent with lower income generated from UIDAI and Election photo identity card. In FY17, the company has started its commercial operations of its hotel and generated revenue of Rs.5.13 crore out of which Rs.2.91 crore is generated from room rent, Rs. 1.12 crore from Restaurant, 0.98 crore through its Banquet hall and balance from other activities. The hotel of the company has moderate Average Room Rent (ARR) of Rs. 2842.82 per day and moderate Occupancy Ratio (OR) of 64%.

Further, profitability margins of the company stood comfortable with PBILDT margin of 26.19% in FY17 as against 22.89% in FY16 owing to lower material cost which offset to an extent with increase in employee cost. However, PAT margin of the company marginally declined and stood at 14.19% in FY17 as against 15.40% in FY16 mainly on account of increase in depreciation and interest expenses owing to completion of its debt funded project for construction of hotel.

Improvement in capital structure and debt coverage indicators

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

The capital structure of AIL stood comfortable with overall gearing ratio of 0.16 times as on March 31, 2017, improved from 0.24 times as on March 31, 2016 owing to scheduled repayment of term loan and lower utilization of working capital bank borrowings as on March, 2017 along with accretion of profit to reserve.

Total debt to GCA also stood comfortable and improved from 1.50 times as on March 31, 2016 to 0.89 times as on March, 2017 mainly on account of decrease in total debt level and increase in GCA of the company. Interest coverage ratio also stood comfortable at 11.05 times in FY17, however declined from 29.59 times in FY16 mainly on account of higher increase in interest expenses as against increase in PBILD level.

Comfortable liquidity position

The current ratio stood at 2.97 times as on March 31, 2017 as against 1.65 times as on March 31, 2016 owing to a decrease in the creditors as well as short term bank borrowings as on March 2017. Operating cycle of the company stood comfortable with 17 days in FY17. Further, the average utilization of working capital limit stood at 59% for the past 12 months ended June 2017.

Key Rating Weaknesses

Aggressive competition from other established players and tender driven business

AIPL faces intense competition from established large sized players across the business segments. Further all the contracts of central and state government bodies are awarded through tender bidding system and the companies have to submit competitive prices to get the orders. This restricts the bargaining power of the applicants and also puts limitation on profitability.

The majority of large size projects are awarded based on strict qualitative parameters such as financial strength, past track record, expertise and strength of technical staff of the company. Due to these tough parameters, AIPL has to maintain good strength of qualified and experienced technical staff, continuous improvement in the technology and equipment used and maintain a good track record of operations along with financial parameters as required by the concerned authorities. Any failure to meet the qualitative parameters may result into losing business to other competitors. Moreover, AIPL will have to retain technically qualified personnel in its key management team and increase its scale of operations in order to be eligible for bidding for large size projects. This would result into higher employee cost and may affect the profitability of the company.

Analytical Approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology-Service Sector Companies](#)

[Criteria for Short Term Instruments](#)

About the Company

Atishay Limited (AIL) was formed as a proprietorship firm in 1989 by Mr Akhilesh Jain who is a chartered accountant. Later in March 2000, AIL was reconstituted as private limited company and in May 2013, it had been further reconstituted as a limited company by the name of AtishayInfotech Limited. Further, it got listed on Bombay Stock Exchange (vide listing in SME Exchange) in October 2014 through public issue. AtishayInfotech Limited rechristened its name to Atishay Limited in January 2016. In 2017, AIL migrated its shares from SME platform to main board of Bombay stock exchange. AIL provides services like large scale data entry, scanning solutions, database management, etc. AIL is an ISO 9001:2008 and ISO/IEC 27001:2005 certified company.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	18.85	23.48
PBILD	4.31	6.15
PAT	3.00	3.33
Overall gearing (times)	0.24	0.16
Interest coverage (times)	29.59	11.05

A: Audited, UA-Unaudited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an *External Credit Assessment Institution (ECAI)* by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.20	Withdrawn
Fund-based - LT-Bank Overdraft	-	-	-	1.00	CARE BBB; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	4.00	CARE A3+
Fund-based - LT-Term Loan	-	-	March, 2022	3.64	CARE BBB; Stable

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB (21-Sep-16)	1)CARE BBB (28-Jul-15)	1)CARE BBB- (22-Sep-14)
2.	Fund-based - LT-Bank Overdraft	LT	1.00	CARE BBB; Stable	-	1)CARE BBB (21-Sep-16)	1)CARE BBB (28-Jul-15)	1)CARE BBB- (22-Sep-14)
3.	Non-fund-based - ST-Bank Guarantees	ST	4.00	CARE A3+	-	1)CARE A3+ (21-Sep-16)	1)CARE A3+ (28-Jul-15)	1)CARE A3 (22-Sep-14)
4.	Fund-based - LT-Term Loan	LT	3.64	CARE BBB; Stable	-	1)CARE BBB (21-Sep-16)	-	-

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