

Atishay Limited
September 27, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	5.55	CARE BBB; Stable (Triple B; Outlook: Stable)	Reaffirmed
Short-term bank facilities	2.50	CARE A3+ (A Three Plus)	Reaffirmed
Total	8.05 (Rupees Eight crore and five lakh only)		

Details of facilities in Annexure-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 its financial risk profile marked by healthy profitability, comfortable solvency position and 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 fiber leased lines and bulk CUG connection within the same state. The company is a Local Service Provider (LSP) for Lok-Seva 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 is also running "Hotel Atishay" in Bhopal.

The Company has developed Maxidoo, Hotel Enterprise Resource Planning (ERP) software. It is currently under development phase. Maxidoo is a cloud based ERP software which will acts as a strategic partners to hotels and will facilitate in managing inventory, maintaining staff control, improving service efficiency, optimizing costs and in reducing manpower dependency by bringing different modules such as front desk, sales, reservations and dining under a single umbrella.

Improvement in TOI and comfortable profitability margins

Total Operating Income (TOI) of AIL has witnessed continuous increase and grew at a CAGR (Compounded Annual Growth Rate) of 12.46% during the past three financial years ended FY18 on account of continuous increase in hospitality income 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. During FY18, Net sales constituted 35% from E-governance (39% in FY17), 58% from Retail and other services (64 % in FY17) and balance 22% from Hotel business (18% in FY17). 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 24.70% in FY18 as against 28.95% in FY17 owing to higher products sales where margins are lower. PAT margin of the company also remained healthy though marginally declined and stood at 12.70% in FY18 as against 15.09% in FY17.

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

Improvement in capital structure and debt coverage indicators

The capital structure of AIL stood comfortable with overall gearing ratio of 0.12 times as on March 31, 2018, improved from 0.16 times as on March 31, 2017 owing to scheduled repayment of term loan and lower utilization of working capital bank borrowings as on March 31, 2018 along with accretion of profit to reserve.

Total debt to GCA also stood comfortable and improved from 0.90 times as on March 31, 2017 to 0.78 times as on March, 2018 mainly on account of decrease in total debt level of the company. Interest coverage ratio also stood comfortable at 11.15 times in FY18.

Comfortable liquidity position

The current ratio stood at 2.92 times as on March 31, 2018 as against 2.63 times as on March 31, 2017 owing to increase in debtors and decrease in the creditors as well as short term bank borrowings as on March 2018.

Operating cycle of the company stood moderate at 45 days in FY18, however declined from 17 day in FY17 due to increase in debtors and decrease in the average creditors period days. Further, the average utilization of working capital limit for the past 12 months ended July 31, 2018 and stood at 63%.

The cash flow from operating activities declined to Rs.2.75 crore in FY18 as against Rs.4.18 crore in FY17 due to increase in receivables. Receivables increased in FY18 as some of the government projects were about to complete at the time of Balance Sheet date. Those orders got complete in the Q1 as a result of which Total Operating Income (TOI) of the company has increased by 59.40% over Q1FY18.

Key Rating Weakness**Aggressive competition from other established players and tender driven business**

AIL 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.

Large size projects are awarded based on tough qualitative parameters

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, AIL 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, AIL 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](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Service Sector Companies](#)

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

About the Company

Atishay Limited (AIL) was formed as a proprietorship firm in 1989 by Mr Akhilesh Jain who is a chartered accountant by qualification. 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 Atishay Infotech Limited. Further, it got listed on Bombay Stock Exchange (vide listing in SME Exchange) in October 2014 through public issue. Atishay Infotech 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/IEC 20000-1:2011, ISO 27001:2013 and ISO 9001:2015 certified company.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	21.65	23.84
PBILDT	6.27	5.89
PAT	3.27	3.03
Overall gearing (times)	0.16	0.12
Interest coverage (times)	11.12	11.15

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: None

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.

Analyst Contact

Name: Mr Abhishek Jain

Tel: 0141-4020213/14

Mobile: +91 9251265875

Email: abhishek.jain@careratings.com

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Disclaimer

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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-Bank Overdraft	-	-	-	3.00	CARE BBB; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	2.50	CARE A3+
Fund-based - LT-Term Loan	-	-	January 2022	2.55	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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (09-Aug-17)	1)CARE BBB (21-Sep-16)	1)CARE BBB (28-Jul-15)
2.	Fund-based - LT-Bank Overdraft	LT	3.00	CARE BBB; Stable	-	1)CARE BBB; Stable (09-Aug-17)	1)CARE BBB (21-Sep-16)	1)CARE BBB (28-Jul-15)
3.	Non-fund-based - ST-Bank Guarantees	ST	2.50	CARE A3+	-	1)CARE A3+ (09-Aug-17)	1)CARE A3+ (21-Sep-16)	1)CARE A3+ (28-Jul-15)
4.	Fund-based - LT-Term Loan	LT	2.55	CARE BBB; Stable	-	1)CARE BBB; Stable (09-Aug-17)	1)CARE BBB (21-Sep-16)	-

CONTACT**Head Office Mumbai**

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

CARE Ratings Limited**(Formerly known as Credit Analysis & Research Ltd.)**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Deepak Prajapati
 32, Titanium, Prahaldnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-9099028864
 Tel: +91-79-4026 5656
 E-mail: deepak.prajapati@careratings.com

BENGALURU

Mr. V Pradeep Kumar
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91 98407 54521
 Tel: +91-80-4115 0445, 4165 4529
 Email: pradeep.kumar@careratings.com

CHANDIGARH

Mr. Anand Jha
 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh
 Cell: +91 85111-53511/99251-42264
 Tel: +91- 0172-490-4000/01
 Email: anand.jha@careratings.com

CHENNAI

Mr. V Pradeep Kumar
 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

COIMBATORE

Mr. V Pradeep Kumar
 T-3, 3rd Floor, Manchester Square
 Puliakulam Road, Coimbatore - 641 037.
 Tel: +91-422-4332399 / 4502399
 Email: pradeep.kumar@careratings.com

HYDERABAD

Mr. Ramesh Bob
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Cell : + 91 90520 00521
 Tel: +91-40-4010 2030
 E-mail: ramesh.bob@careratings.com

JAIPUR

Mr. Nikhil Soni
 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 95490 33222
 Tel: +91-141-402 0213 / 14
 E-mail: nikhil.soni@careratings.com

KOLKATA

Ms. Priti Agarwal
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

NEW DELHI

Ms. Swati Agrawal
 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

PUNE

Mr. Pratim Banerjee
 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-98361 07331
 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691