



**Date: August 1, 2023**

**To,**  
**The Corporate Relationship Department,**  
BSE Limited,  
25<sup>th</sup> Floor, P.J. Towers,  
Dalal Street, Mumbai- 400001

**Subject:** Intimation of reaffirmation of Credit Ratings under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

**Dear Madam/Sir,**

With reference to the above-mentioned subject and pursuant to Regulation 30 and other applicable regulation; if any, of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we write to inform you that Care Ratings Limited, Credit Rating Agency, has reaffirmed the rating for the following facilities of the Company:

<b>Facilities/Instruments</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings</b>	<b>Rating Action</b>
Long Term Bank Facilities	70.85 (Reduced from 71.25)	CARE BBB-; Stable (Triple B Minus Outlook Stable)	Reaffirmed
Short Term Bank Facilities	80.00 (Reduced from 85.00)	CARE A3 (A Three)	Reaffirmed
<b>TOTAL</b>	<b>150.85 (Rupees One Hundred and Fifty Crore and Eighty-Five Lakhs only)</b>		

The Press Release dated July 31, 2023, issued by the credit rating agency in this behalf is attached herewith.

This is for your information and records.

**Thanking You,**

**For Ceinsys Tech Limited**

**Pooja Sunil Karande**  
**Company Secretary &**  
**Compliance Officer**

**Place: Nagpur**

**Encl:** As above

## Ceinsys Tech Limited

July 31, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	70.85 (Reduced from 71.25)	CARE BBB-; Stable	Reaffirmed
Short Term Bank Facilities	80.00 (Reduced from 85.00)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the ratings to the bank facilities of Ceinsys Tech Limited (CTL) continues to derive strength from its long track record in execution of engineering consultancy and geographical information services (GIS) related orders in various sectors, and experienced management. The ratings also factor in CTL's moderate order book position, comfortable capital structure, and satisfactory debt coverage indicators. The rating strengths, however, continue to remain constrained by the company's moderate scale of operations, working capital-intensive nature of operations emanating from high collection cycle and sizable portion of unbilled revenues and concentrated customer and order book.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Total operating income above ₹300 crore annually on a sustained basis along with improvement in PBILDT margin to above 15%
- Improvement in average collection period to less than 175 days
- Sustained total debt/gross cash accruals (TDGCA) below 2x.

#### Negative factors

- TOI below ₹150 crore on a sustained basis along with deterioration in profit margins.
- Any sustained delay in execution of orders in hand.
- Elongation in collection period resulting in deterioration in liquidity position.

### Analytical approach: Consolidated

List of subsidiary companies of Ceinsys Tech Limited considered for Consolidated Approach:

Name of company	Type	Percentage of holding by CTL as on March 31, 2023
ADCC Infocom Private Limited (ADCC)	Subsidiary	100%
Allygrow Technologies Private Limited (ATPL)	Subsidiary	100%

### Outlook: Stable

The Stable outlook reflects that CTL is likely to maintain its business risk profile and expand its geographical presence by leveraging ATPL's overseas network.

### Detailed description of the key rating drivers:

#### Key rating strengths

**Experienced Management:** CTL is promoted by Mr. Sagar Meghe (Chairman and Director) jointly managed by Mr Prashant Kamat (Vice Chairman and CEO), Mr Abhay Kimmatkar (Managing Director) and Mr. Rahul Joharapurakar (JMD: Joint Managing Director), who are well qualified and experienced. The MD and JMD are associated with the organization since long and are well versed with the intricacies of the business. The company has a combination of engineers across multiple disciplines with significant experience in various industries, tools/platforms and project management methodologies.

**Established track record in execution of orders:** CTL has a track record of more than two decades as a solution provider offering Geographical Information Services (GIS) and Engineering Solutions. CTL specializes in designing, capturing, storing, mapping, analyzing and manage all types of geographical data. Over the period CTL has diversified into niche domains like energy systems & solution (SCADA-DMS implementation, automated metering infrastructure, IT roll out) and water management services.

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

Further, ATPL has also a track record of around 8 years and is a technology driven engineering service company and has its presence in US, Europe and India and specializes in Product design and Robotics automation. The company derives majority of its revenue from international market. With acquisition of ATPL, CTL is likely to derive benefits from the transaction by leveraging ATPL's overseas network and expand its geographical presence.

**Comfortable capital structure and satisfactory debt coverage indicators:** The debt profile of the company mainly comprised of working capital borrowings, ICDs, term loan, advances from customers and lease liabilities. The overall gearing ratio continues to remain comfortable at 0.33x as on March 31, 2023. Further, with improvement in profitability and lower debt, the debt protection metrics also improved with total debt to gross cash accruals (TDGCA) and PBILDT interest coverage at 1.98x and 3.39x respectively as at the end of FY23 (P.Y.6.01x and 2.17x). Going forward, the solvency position is expected to remain in the similar level.

**Moderate outstanding order book position:** The company had an outstanding order book to sales ratio of 1.52x of FY23 TOI as on June 30, 2023 (as compared to order book to sales ratio of 1.88x of FY22 TOI as on November 15, 2022). Majority of the orders are primarily obtained from state governments, municipal bodies and public sector units and a few from corporate entities. Further, ATPL has an order book of ₹28.70 crore as on June 30, 2023 (₹21 crore as on November 15, 2022).

#### **Key rating weaknesses**

**Moderate scale of operations and profitability:** Consolidated total operating income (TOI) increased to ₹219.50 crore in FY23 as compared to ₹202.89 crore in FY22, as ATPL acquisition supported the growth in key revenue segment i.e. Enterprise Geospatial & Engineering Services (EGES). PBILDT margin improved to 15.04% in FY23 (11.84% in FY22) led by better product mix while PAT margin improved significantly to 14.07% (4.69% in FY22) resulting from higher share of profit from Joint Ventures (JV). The profit margin, going forward is expected to remain at moderate level.

On a Standalone level, CTL revenue declined by ~15% on account of slower than expected project execution.

**Concentrated order book and customer base:** The order book of CTL remain concentrated as top ten orders accounts for 75%, there-by exposing the company to concentration risk. Also, the customer base of CTL is concentrated as around 55% of TOI is derived from top ten customers. The same is mitigated to some extent given the reputed clientele of the company and long- term association with them.

#### **Liquidity: Adequate**

Liquidity position of CTL is characterized by sufficient cushion in accruals vis-à-vis repayment obligations. Gross cash accrual (GCA) is expected to be at ~₹30-35 crore in FY24 & FY25 as against the repayment obligations of ~₹11.5 crore in FY24 and around ₹1 crore in FY25. Further, the group has free cash & bank balance of ~₹31 crore as on March 31, 2023. The operations of the company are working capital intensive in nature emanating from high collection cycle and sizable portion of unbilled revenues. CTL derives a major proportion of its revenues from government contracts where the credit period varies from 120 days to 150 days. Furthermore, invoices are raised on a milestone bases, thereby creating an unbilled portion of revenue. Average collection period for the year FY23 though improved, continued to remain high at 284 days. The working capital limits were utilized at around 83% for last 12 month ended June 30, 2023. The cash flow from operations stood at ₹38.50 crore during FY23. Timely realisation of receivables is critical to maintain the liquidity position and will be a key rating monitorable.

**Assumptions/Covenants:** Not applicable

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

#### **Applicable criteria**

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Service Sector Companies](#)

[Policy on Withdrawal of Ratings](#)

## About the company and industry

### Industry classification

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

CTL (formerly known as ADCC Infocad Ltd; listed on BSE, incorporated in 1998 – CIN: L72300MH1998PLC114790), headquartered at Nagpur, is a solution provider offering Geographical Information Services (GIS) and Engineering Solutions. CTL specializes in designing, capturing, storing, manipulating, analyzing and manage all types of geographical data. Its services include GIS, Remote Sensing, LiDAR (Light Detection and Ranging), Photogrammetry, Energy System and solutions, Engineering Design Services, Surveys and Customized Application Development. Further, the company has completed 100% acquisition of equity shares of ATPL in Q2FY23, funded through cash consideration and equity issuance. As on March 31, 2022, CTL had two direct subsidiaries ADCC Infocom Private Limited (involved in activities like software engineering, software development, business computing, data communication and networking, image processing and remote sensing etc) and ATPL (specialised in manufacturing engineering services) and 5 step down subsidiaries i.e. Allygrow Technologies B.V, Technology Associates Inc., Allygrow Engineering Services Pvt Ltd, Allygrow Technologies, GmbH and Allygrow Technologies Ltd., UK

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (Abridged)	Q1FY24
Total operating income	202.89	219.50	Not available
PBILDT	24.02	33.01	
PAT	9.52	30.89	
Overall gearing (times)	0.47	0.33	
Interest coverage (times)	2.17	3.39	

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	ISIN	Date of	Coupon	Maturity	Size of the	Rating Assigned
Fund-based - LT-Cash Credit		-	-	-	70.50	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	Feb 2025	0.35	CARE BBB-; Stable
Non-fund-based - ST-BG/LC		-	-	-	80.00	CARE A3

**Annexure-2: Rating history for the 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	70.50	CARE BBB-; Stable	-	1)CARE BBB-; Stable (22-Nov-22)	1)CARE BBB- (CW with Developing Implications) (31-Dec-21) 2)CARE BBB-; Negative (28-Sep-21)	1)CARE BBB-; Negative (06-Oct-20)
2	Non-fund-based - ST-BG/LC	ST	80.00	CARE A3	-	1)CARE A3 (22-Nov-22)	1)CARE A3 (CW with Developing Implications) (31-Dec-21) 2)CARE A3 (28-Sep-21)	1)CARE A3 (06-Oct-20)
3	Fund-based - LT-Term Loan	LT	0.35	CARE BBB-; Stable	-	1)CARE BBB-; Stable (22-Nov-22)	1)CARE BBB- (CW with Developing Implications) (31-Dec-21) 2)CARE BBB-; Negative (28-Sep-21)	1)CARE BBB-; Negative (06-Oct-20)
4	Fund-based - LT-Working Capital Demand loan	LT	-	-	-	1)Withdrawn (22-Nov-22)	1)CARE BBB- (CW with Developing Implications) (31-Dec-21) 2)CARE BBB-; Negative (28-Sep-21)	1)CARE BBB-; Negative (06-Oct-20)

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities – Not applicable**

**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

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

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

**Contact Us**

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**About us:**

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