

Press Release

Mindcraft Software Private Limited

December 22, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.00	ACUITE BB Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	5.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs.5.00 Cr. bank facilities of Mindcraft Software Private Limited (MSPL). The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

About the Company

Mindcraft Software Private Limited (MSPL) is Mumbai based company, incorporated in 2002 by Mr. Haresh Hirani, Mr. Hemant Nerurkar, Mr. Anuraag Gupta and Mr. Neeraj Manchanda. The company is software solutions and services organization offering integration solutions, business intelligence solutions and software infrastructure management services.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Mindcraft Software Private Limited (MSPL).

Key Rating Drivers

Strengths

>Extensive experience of promoters and their established presence in the business

The company was incorporated in 2002 by Mr. Haresh Hirani, Mr. Hemant Nerurkar, Mr. Anuraag Gupta and Mr. Neeraj Manchanda. The promoters have almost two decades of experience in managing business operations of the company and is familiar with changing trends in IT industry.

Acuite believes that the company will continue to benefit from the promoters' experience and established track record of operations in improving its business risk profile over the medium term.

>Reputed clientele base

The long standing existence of the company has enabled in establishing reputed clientele base such as Birla Sunlife Insurance, TATA Life, Aditya Birla Mutual Funds, Ratnakar Bank Limited BNP Paribas, Cipla, HDFC Bank, ICICI Bank, ICICI Prudential Life Insurance, Kotak Bank, The Bombay Stock Exchange, Yes Bank etc. The company has total 60-65 clients, however around 60% of revenue is derived from 20 customers.

>Improving Sales and profitability

Mindcraft Software Private Limited (MSPL) has seen an improvement in the revenue by 10.71% growth. The revenue of the company rose to Rs.49.46 crore in FY2022(Prov.) from Rs.44.68 crore in FY2021. The EBITDA and PAT Margins of the company also improved as compared to the previous year. The EBITDA Margins of the company stood at 9.21 percent in FY2022 as against 9.00 percent in FY2021. The PAT Margins stood high at 2.74 percent in FY2022 as against 1.97 percent in FY2021. The ROCE of the company stood at 26.24 percent in FY2022 as against 18.10 percent in FY2021.

>Financial risk profile-moderate

The financial risk profile of the company stood moderate marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net worth stood moderate at Rs.11.59 crore as on 31 March 2022 as against Rs.4.95 crore as on 31 March, 2021. Total debt of the company stood at Rs.2.83 crore as on 31 March 2022 as against Rs.2.17 crore as on 31 March, 2021. Total debt comprises of short term debt of Rs 1.99 crore and USL from directors of Rs 0.84 crore. Gearing (debt-equity) of the company improved to 0.24 times as on 31 March 2022 as against 0.44 times as on 31 March, 2021. Total outside Liabilities/Total Net Worth (TOL/TNW) stood moderate at 1.32 times as on 31 March 2022 as against 2.34 times as on 31 March, 2021. Net Cash Accruals to Total Debt (NCA/TD) stood at 1.20 times as on 31st March FY2022 as against 1.56 times as on 31st March 2021. Debt protection metrics of the company is marked comfortable with Interest Coverage Ratio at 10.52 times in FY2022. Debt Service Coverage Ratio (DSCR) stood at 5.13 times in FY2022.

Weaknesses

Working capital management -Intensive

The working capital requirements of the company is marked intensive as the GCA stood high at 152 days as on March 31, 2022 as against 118 days as on March 31, 2021. The debtors increased to 74 days as on March 31, 2022 as against 66 days as on March 31, 2021. The Creditors day stood at 76 days as on March 31, 2022 as against 30 days as on March 31, 2020.

Rating Sensitivities

>Improving scale of operations while improving profitability.

>Moderate financial risk profile

>Any elongation of the working capital cycle leading to deterioration in debt protection metrics

Material covenants

None

Liquidity Position

Adequate

The company's liquidity profile is adequate marked by adequate net cash accruals of Rs.3.39 Cr in FY2022 as against its maturing debt obligations of Rs.0.30 crore in the same period. The firm maintains unencumbered cash and bank balances of Rs. 0.17 crore as on March 31, 2022. The current ratio of the company stood comfortable at 1.45 times as on March 31, 2022 as against 1.30 times as on March 31, 2021.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	49.46	44.68
PAT	Rs. Cr.	1.36	0.88
PAT Margin	(%)	2.74	1.97
Total Debt/Tangible Net Worth	Times	0.24	0.44
PBDIT/Interest	Times	10.52	7.11

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Oct 2021	Dropline Overdraft	Long Term	5.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
14 Jul 2020	Dropline Overdraft	Long Term	5.00	ACUITE BB- Stable (Reaffirmed)
04 Jul 2019	Dropline Overdraft	Long Term	5.00	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BB Reaffirmed & Withdrawn

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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