



## Press Release

### Secur Credentials Limited

October 15, 2018

### Rating Upgraded

<b>Total Bank Facilities Rated*</b>	Rs. 5.00 Cr.
<b>Long Term Rating</b>	ACUITE BBB- / Outlook: Stable (Upgraded from ACUITE B)

\* Refer Annexure for details

### Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE BBB-**' (read as **ACUITE BBB minus**) from '**ACUITE B**' (read as **ACUITE B**) on the Rs. 5.00 crore bank facilities of SECUR CREDENTIALS LIMITED (SCL). The outlook is '**Stable**'.

Rating upgrade is in view of improvement in the business risk profile of the company. SCL has registered healthy growth in revenues while maintaining its profitability and expansion of business by way of adding new clientele. The improvement in revenue is backed by continuous increase in customer base which has increased to 550 in FY2018 from 350 in the previous year. Further, as on September 30, 2018 the company has widened its customer base to ~900. Acuite believes that going ahead the company will sustain its growth in revenues along with maintaining profitability margins.

SeCur Credentials Limited (SCL) incorporated in 2001 (formerly known as Axis Resources Private Limited) started its commercial operations in November 2014. SCL was taken over by the present management Mr. Rahul Belwalkar and Dr. Shibani Belwalkar in August 2016. It provides end-to-end screening services to various corporates in the country. The company is headquartered in Mumbai (Maharashtra) with branch offices in Delhi, Bengaluru, Hyderabad and Chandigarh. In November 2017, the company raised funds by way of IPO and got listed on NSE. SCL is a member of the prestigious US-based National Association of Professional Background Screeners (NAPBS), APAC Chapter, which is the umbrella body of the largest BGC companies around the globe.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the SCL for arriving at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

SCL is promoted by Mr. Rahul Belwalkar who has more than two decades of experience in background screening and BFSI sector. In the past, Mr. Belwalkar has been associated as a Chief Executive Officer for CRP Risk Management Limited and has held multiple executive and senior positions in reputed companies. His wife, Dr. Shibani Belwalkar (Executive Director) has an experience in workplace cultures as part of Human Resource services with senior roles at well-known companies.

• **Improvement in Business Risk profile**

The company came out with IPO in November 2017 and has raised ~Rs.29 crores from the same. This has helped the company expand its business and the same is visible from its healthy revenue growth in FY2018 over FY2017. The operating income stood at Rs.37.67 crore in FY2018 which has improved from Rs.10.16 crore in FY2017. The improvement in revenues is backed by increase in customer base of the company. The customer portfolio has expanded from 350 corporates in FY2017 to 550 corporates in FY2018. Further as on September 20, 2018 the total customer base stood more than 900. The company has a diversified customer profile catering to a range of industries which includes retail, manufacturing, and telecom to name a few. The profitability margin of the company stood healthy marked by EBITDA margin which stood at 21.41 per cent for FY2018 as against 26.99 per cent in the previous year. Acuite believes company's business risk profile will improve backed by continuous increase in customer base while maintaining its healthy profitability margin.

**Weaknesses**

• **Working capital intensive**

The operations are working capital intensive marked by high Gross Current Assets (GCA) of 252 days in FY2018 as against 110 days in FY2017. This is majorly on account of high collection period of 148 days in FY2018 as against 73 days in FY2017. Whereas, the company gets credit period in the range of 20-30 days. The average bank limit utilisation stood at ~95 per cent for the last six months ended August 2018. Acuite believes that managing its working capital cycle effectively by SCL will be a key rating sensitivity.

• **Project implementation risk**

SCL has undertaken ~Rs. 5 crore of capital expenditure towards building of its in-house software 'SecUr Number'. This software is a database application in order to expand its business model from B2B to B2C and the company is still in process of R&D on the same. Acuite believes that successful implementation of this software will remain as a key monitoring factor.

**Outlook: Stable**

Acuite believes that SCL will maintain a 'Stable' outlook over the medium term owing to its experienced management and healthy growth in operations. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues, profit margins or further deterioration in working capital management.

**About the Rated Entity - Key Financials**

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	37.67	10.16	4.41
EBITDA	Rs. Cr.	8.06	2.74	0.17
PAT	Rs. Cr.	5.16	1.81	0.10
EBITDA Margin	(%)	21.41	26.99	3.79
PAT Margin	(%)	13.70	17.78	2.38
ROCE	(%)	39.42	214.00	68.54
Total Debt/Tangible Net Worth	Times	0.13	0.00	0.51
PBDIT/Interest	Times	24.11	61.33	80.69
Total Debt/PBDIT	Times	0.49	0.00	0.99
Gross Current Assets (Days)	Days	252	110	58

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

Not Applicable

**Any other information**

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
02-Aug-2018	Cash Credit	Long Term	4.00	ACUITE B (Indicative)
	Term Loan	Long Term	1.00	ACUITE B (Indicative)
25-May-2017	Cash Credit	Long Term	4.00	ACUITE B / Stable (Assigned)
	Term Loan	Long Term	1.00	ACUITE B / Stable (Assigned)

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE BBB- / Stable (Upgraded from Acuite B)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE BBB- / Stable (Upgraded from Acuite B)

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**About Acuité Ratings & Research:**

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