

Press Release

Capricot Technologies Private Limited

07 March, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs.13.00 Cr.
Long Term Rating	SMERA BB/ Outlook:Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned the long term rating of 'SMERABB' (read as SMERAdoubleB) and short term rating of 'SMERAA4+' (read as SMERAA four plus) on the Rs.13.00 crore bank facilities of Capricot Technologies Private Limited. The outlook is 'Stable'.

Incorporated in 1995 as Kruthi Computer Services Private Limited, the name was changed to its current name in 2013. The company was promoted by Mr S Venkatesh and Mrs Nanda Venkatesh. In November 2013, CAD Studio - a proprietorship concern and ADA (Academy of Design and Architecture) - a partnership firm were merged with CTPL. The company is engaged in trading of software, 3D printers, computers etc. In addition the company is developing software for building information modelling. The company also provides trainings for computer aided design programmes.

Key rating drivers

Strengths

Long track record of operations and experienced management:

Incorporated in 1995- CTPL has a long track of over two decades. The promoters are technologically sound and have relevant experience of over two decades in research & development, information technology.

Healthy scale of operations

The scale of operations of CTPL is healthy with revenue of Rs 115.59 crs in FY 2017 as against Rs 121.62 in FY 2016. The company has registered a 3 year compounded annual growth rate (CAGR) of 28.27 per cent between 2014-2017. The rise in revenue is due to the merger of CAD Studio (Delhi) - a proprietorship concern and ADA (Academy of Design and Architecture) in November'2013. The company has booked revenue of Rs 90 crs from April till January'18 (provisional).

Moderate financial risk profile

The financial risk profile of the company is moderate marked by its moderate net worth, gearing and healthy debt protection metrics. The net worth stood at Rs 13.40 crore as on 31st March 2017 as compared to Rs 11.69 crore in FY2016. The debt to equity Ratio of the company improved from 1.39 times on 31st March, 2016 to 1.13 times on 31st March, 2017. Total debt of Rs 15.14 crs consists of Rs 11.34 crs of working capital facilities, Rs 1.49 crs of SCB Hundi and Rs 0.39 crs of unsecured loans financial institutions and Rs

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1.92 crs of CPLTD. The debt protection metrics improved in FY 2017 marked by interest coverage ratio of 2.20 times in FY2017 as against 0.79 times in FY2016. Net Cash accruals to Total Debt (NCA/TD) of 0.20 times in FY2017.

Weaknesses

Working capital intensive operations

The operations of the company are working capital intensive as reflected from the gross current asset (GCA) days of 147 days in FY 2017 as against 109 days in FY 2016. The high gross current days are on account of debtor days of 77 in FY 2017 as against 65 days in FY 2016. The inventory days stood at 15 days in FY 2017 as against 11 days in FY 2016. The company on an average utilizes around 90 per cent of its working capital limits.

Outlook - Stable

SMERA believes that CTPL will continue to benefit over the medium term from the promoters vast experience. The outlook may be revised to 'Positive' if the company achieves more than envisaged sales and profitability while improving its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve growth in revenue and financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	115.62	121.75	120.64
EBITDA	Rs. Cr.	5.53	1.90	2.84
PAT	Rs. Cr.	1.71	(1.55)	0.55
EBITDA Margin	(%)	4.78	1.56	2.35
PAT Margin	(%)	1.48	(1.27)	0.46
ROCE	(%)	15.25	4.56	14.57
Total Debt/Tangible Net Worth	Times	1.13	1.36	0.68
PBDIT/Interest	Times	2.20	0.79	3.59
Total Debt/PBDIT	Times	2.74	7.45	2.99
Gross Current Assets (Days)	Days	147	108	124

Any other information:

Not Applicable

Analytical Approach: SMERA has considered the standalone business and financial risk profiles of CTPL.

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-Trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

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Status of non-cooperation with previous CRA (if applicable): Not Applicable

Rating History (Upto last three years)

Not Applicable

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA BB/ Stable (Assigned)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A4+ (Assigned)

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ABOUT SMERA

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