

Press Release

Robosoft Technologies Private Limited

April 30, 2021

Rating Withdrawn



Total Instruments Rated*	Rs. 40.00 Cr.
Long Term Rating	ACUITE BBB- (Withdrawn)
Short Term Rating	ACUITE A3 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE BBB-**' (read as **ACUITE Triple B Minus**) and the short term rating of '**ACUITE A3**' (read as **ACUITE A Three**) on the Rs. 40.00 crore bank facilities of Robosoft Technologies Private Limited. The rating is withdrawn in accordance with Acuite's policy on withdrawal of ratings.

The rating is withdrawn based on the request received from the company and the copy of NOC provided by the banker to withdraw the charges by ROC.

Robosoft Technologies Private Limited (RTPL) was incorporated in 2000 by Mr. Rohith Bhatt. RTPL is engaged in designing & developing of mobile applications that run on iOS, Android and windows. The company has three branches in India, four in USA and one in Dubai.

Analytical Approach

Acuite has considered the consolidated business and financial risk profiles of Robosoft Technologies Private Limited, Robosoft Technologies Inc. and Robosoft Technologies, Kabushiki Kaisha (wholly owned subsidiary in USA and Japan) to arrive at the rating. Extent of consolidation: Full

Key Rating Drivers

Strengths

• Experienced management

The group has established presence in the IT industry backed by more than two decades of extensive industry experience of promoters, Mr. Ravi Teja Bommireddipalli, Mr. Rohith Bhat and Mr. Sudheer Bhat. The group has established relationships with top players of several industries such as Automobile, Banking, Food, Pharmaceutical and many more. The group has established wholly owned subsidiary 'Robosoft Technologies Inc.' in USA with intent to cater international clients.

• Improving business risk profile

The operating income of the group has grown at a CAGR of 22.66% per cent for the period FY17-FY20. The revenues increased to Rs.94.31 in FY20 as against Rs. 73.96 crore in FY19 mainly on account of increase in number of contracts from existing as well as new customers. The operating and net profitability margins stood at 28.53 per cent and 19.35 per cent in FY20 as compared to 17.38 per cent and 12.82 per cent in FY19 respectively. Acuite believe that the group will sustain its existing business profile on the back of established presence within industry and promoter's vintage.

• Healthy Financial Risk Profile

The financial risk profile of the group stood healthy marked by healthy net worth, healthy debt protection metrics and coverage indicators. The net worth of the company improved from Rs 46.09 Cr in FY19 to Rs 64.36 Cr in FY20 due to accretion of profits to reserves. The debt protection metrics viz. gearing and interest coverage ratio stood comfortable at 0.07 times and 0.16 times respectively as on March 31, 2020 and coverage indicators stood comfortable with DSCR and Interest Coverage Ratio at 12.65 times and 43.79 times respectively as on March 31, 2020. Further, as a part of the debt reduction strategy, in FY21 the company repaid all debt and closed off all the credit facilities.

Weaknesses

• Intense competitive industry

The IT industry is mainly based on the intellectual capital. Hence, the ability of the group to attract and retain the right talent will be essential to maintain the quality of service provided to customers and to have competitive positioning. Similarly, considering the competitive landscape and emergence of various players offering similar solutions. We believe that the ability of the group to maintain a strong product pipeline offering new and innovative solutions to the new and existing clients will be essential for future growth prospects.

Liquidity Position: Adequate

Liquidity position of the company was adequate as observed from strong net cash accruals and discontinuation of the fund based credit facilities despite the stretch in working capital cycle. The net cash accruals stood at Rs 19.55 Cr while the company closed off the credit facilities and as such there are no debt repayments despite the stretch in working capital cycle.

Rating Sensitivities

Not Applicable

Outlook:

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	94.31	73.96
PAT	Rs. Cr.	18.24	9.48
PAT Margin	(percent)	19.35	12.82
Total Debt/Tangible Net Worth	Times	0.07	0.06
PBDIT/Interest	Times	43.79	38.97

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

Not Applicable

Any other information

Not Applicable

Any Material Covenants

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Entities in Service Sector - <https://www.acuite.in/view-rating-criteria-50.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
04 Feb 2020	Cash Credit	Long Term	8.00	ACUITE BBB-/ Stable (upgraded from ACUITE BB+/ Stable)
	Proposed Cash Credit	Long Term	7.00	ACUITE BBB-/ Stable (upgraded from ACUITE BB+/ Stable)
	Proposed Term Loan	Long Term	5.50	ACUITE BBB-/ Stable (upgraded from ACUITE BB+/ Stable)
	Proposed Long Term Loan	Long Term	19.00	ACUITE BBB-/ Stable (upgraded from ACUITE BB+/ Stable)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (upgraded from

Date	Name of Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
				ACUITE A4+)
10 Oct 2019	Cash Credit	Long Term	8.00	ACUITE BB+ / Stable (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A4+ (Assigned)
	Proposed Bank Facility	Long Term	3.50	ACUITE BB+ / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Name of the bank	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Canara Bank	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE BBB- (Withdrawn)
Proposed Cash Credit	Proposed	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE BBB- (Withdrawn)
Proposed Term Loan	Proposed	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE BBB- (Withdrawn)
Proposed Long Term Loan	Proposed	Not Applicable	Not Applicable	Not Applicable	19.00	ACUITE BBB- (Withdrawn)
Bank Guarantee	Canara Bank	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A3 (Withdrawn)

Contacts

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About Acuite Ratings & Research:

Acuite Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 8,682 credit 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 Mumbai.

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