



Press Release
IVIS International Private Limited
April 17, 2024

Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	51.79	ACUITE BBB Reaffirmed & Withdrawn	-
Bank Loan Ratings	0.02	Not Applicable Withdrawn	-
Bank Loan Ratings	6.00	-	ACUITE A3+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	57.81	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs 57.79 crore bank facilities of Ivis International Private Limited (IIPL). Acuite has also withdrawn the long-term rating on the Rs.0.02 crore bank Facilities of Ivis International Private Limited (IIPL). The same is withdrawn without assigning any rating as it is a proposed facility. The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

Rationale for Rating Reaffirmation

The rating reaffirmation is driven by the stable operating performance of the group in FY2023 as compared to FY2022. The operating income of the group stood at Rs.137.05 Cr. in FY2023 as against Rs.132.25 Cr. in FY2022. The operating margin stood at 42.71 percent in FY2023 as against 43.17 percent in FY2022. Despite the marginal decline in operating margin, the margin remains healthy. The PAT margin of the group also remains healthy and stood at 20.29 percent in FY2023 and 20.21 percent in FY2022.

The financial risk profile of Provigil Group stands healthy marked by moderate tangible net worth, low gearing levels and comfortable debt protection metrics.

The rating reaffirmation also considers the long track record of the company and long-standing experience of the promoters, which is expected to help the company to augment its revenue further.

About Company

Incorporated in October 2014 in Telangana, Ivis International Private Limited is engaged in providing video monitoring services to banks & financial institutions for ATMs, retail outlets, warehouses and government institutions. Ivis is a part of the larger Provigil Group (defined later in the document) which is also engaged in similar line of business. Further, the company also sells the video monitoring equipment to its customers, depending upon the nature of the

order. Mr. Prabhakara Rao Bollina, Mr. Rachapoodi Venkata Nagendra Murali Mohan, Mr. Ameeruddin Syed and Mr. Joseph Sudheer Reddy Thumma are the directors of the company.

About the Group

Ivis International Private Limited and Provigil Surveillance Limited are together referred to as Provigil Group. Since 2007, Provigil was initially engaged in the business of providing technology and back-end monitoring operations to US-based Provigil Inc. which was incorporated in 2006. However, Provigil Inc. has now been bought by a US-based private equity firm and looks after the US operations, whereas Provigil has been retained by the current management to look after the Indian operations. Currently, Ivis and Provigil are engaged providing video monitoring services to banks & financial institutions for ATMs, retail outlets, warehouses and government institutions. Further, both the companies also sell the video monitoring equipment to its customers, depending upon the nature of the order. Since Provigil as a brand has more experience in the market, most of the orders are currently routed through Provigil, although Ivis executes those orders.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Ivis International Private Limited and Provigil Surveillance Limited to arrive at the rating. The consolidation is in the view of the similarities in the lines of business, operational & financial synergies and common management.

Key Rating Drivers

Strengths

Experienced management and long track record of operation

Provigil Group possesses an experience of over 14 years in the video monitoring services segment. The operations are managed by Mr. Prabhakara Rao Bollina, Mr. Rachapoodi Venkata Nagendra Murali Mohan, Mr. Ameeruddin Syed and Mr. Joseph Sudheer Reddy Thumma. Acuité believes that the long standing experience of the promoters has helped the company to build healthy relationship with reputed customers and service providers.

The operating income stood at Rs.137.05 Cr. as on FY2023 as against Rs.132.25 Cr. in FY2022. The operating margins stood at 42.71% in FY2023 as against 43.17% in FY2022. The PAT margin of the group also remains healthy and stood at 20.29% in FY2023 and 20.21% in FY2022.

Healthy financial risk profile

The financial risk profile of the company continues to remain healthy marked by low gearing ratios, moderate net-worth and comfortable debt protection metrics. The gearing level stood at of 0.77 times as on March 31, 2023 as against 0.41 times as on March 31, 2022. TOL/TNW stood at 1.25 times as on March 31, 2023 and 0.81 times as on March 31, 2022. NCA/TD stood at 0.63 times and 1.19 times on March 31, 2023 and on March 31, 2022 respectively.

Debt protection indicators are comfortable with interest coverage ratio (ICR) at 11.89 times as on March 31, 2023 as against 12.53 times on March 31, 2022. Debt service coverage ratio (DSCR) stood at 3.26 times on March 31, 2023 as against 3.69 times on March 31, 2022.

Weaknesses

Working capital intensive nature of operations

The operations of Provigil Group are working capital intensive in nature with GCA of 275 days as on March 31, 2023. The working capital intensive nature of operations is primarily on account of higher receivable period despite agreed payment terms of 40-45 days with their customers (majorly banks). The reason for the same as certain banks holds back their dues in form of retention up to 2-4 months and release the same upon the installation of further sites. Moreover, in certain cases, the banks approve the invoices raised, only after the certification of the newly installed sites. Given all of the above, the Group's receivable period stood at 103 days in FY2023 as against 86 days in FY2022. The inventory holding stood at 46 days in FY2023 as against 35 days in FY2022, whereas the inventory comprises of video surveillance parts.

The working capital requirements are majorly funded by way of internal accruals, and the average working capital utilization in the last 12 months ended December 2023 remained moderate at 53.19% for the group.

Rating Sensitivities

Not Applicable

Liquidity Position Adequate

The Group generated healthy net cash accruals worth Rs. 46.17 Cr. and Rs. 44.37 Cr. in FY2023 and FY2022 respectively as against moderate debt repayment obligations Rs. 9.98 Cr. and Rs. 8.66 Cr. in those respective years. Furthermore, the current ratio stood healthy at 2.19 times as on March 31, 2023 as against 2.24 times as on March 31, 2022. The working capital requirements are majorly funded by way of internal accruals, whereas the average CC utilization in the last 12 months ended December 2023 stood moderately at 53.19% for the group. The cash and bank balance of the group is Rs.42.07 Cr. as on March 31 2023.

Outlook:

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	137.05	132.25
PAT	Rs. Cr.	27.81	26.73
PAT Margin	(%)	20.29	20.21
Total Debt/Tangible Net Worth	Times	0.77	0.41
PBDIT/Interest	Times	11.89	12.53

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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
10 Apr 2023	Secured Overdraft	Long Term	7.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	6.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	19.66	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	11.89	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.59	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.65	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.02	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A3+ (Reaffirmed)
10 Jan 2022	Term Loan	Long Term	13.23	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	2.87	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	9.86	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	8.42	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	3.43	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	7.00	ACUITE BBB Stable (Assigned)
	Secured Overdraft	Long Term	7.00	ACUITE BBB Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	07 Sep 2025	Simple	6.00	ACUITE A3+ Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.02	Not Applicable Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	ACUITE BBB Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	07 Sep 2020	Not avl. / Not appl.	07 Sep 2025	Simple	6.00	ACUITE BBB Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	30 Sep 2022	Not avl. / Not appl.	07 Jan 2028	Simple	19.66	ACUITE BBB Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	28 Jun 2023	Not avl. / Not appl.	07 Aug 2029	Simple	11.89	ACUITE BBB Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	08 Nov 2019	Not avl. / Not appl.	07 Apr 2024	Simple	5.59	ACUITE BBB Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	22 Jun 2020	Not avl. / Not appl.	07 Jul 2024	Simple	1.65	ACUITE BBB Reaffirmed & Withdrawn

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

1. Ivis International Private Limited
2. Provigil Surveillance Limited

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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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