

December 30, 2022

HCL Comnet Systems and Services Ltd: Rating Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term/ Short Term – Non-Fund-based Working Capital	23.00	23.00	[ICRA]AA (Stable)/[ICRA]A1+; Withdrawn
Total	23.00	23.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of HCL Comnet Systems and Services Ltd (HCL CSSL) at the request of the company and based on the No Objection Certificate (NOC) received from the bankers, and in accordance with ICRA's policy on withdrawal. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key Rating Drivers, Liquidity Position, Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings Rating Methodology for Entities in the Information Technology (IT) Services Industry Impact of Parent or Group Support on an Issuer's Credit Rating
Parent/Group Support	The rating assigned to HCSSL factors in the high likelihood of its parent, HCL Tech, extending financial support because of close business linkages and the need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	Standalone

About the company

HCSSL is a 100% subsidiary of HCL Technologies Limited (HCL Tech). The company is operating a VSAT network under a license provided by the DoT with satellite bandwidth contracted through DoS. It is involved in offering VSAT bandwidth services. Prior to FY2013, it was involved in providing remote infrastructure management (RIM) services. However, the business was demerged and transferred to HCL Tech in October 2012.

Key financial indicators (audited)

	FY2021	FY2022
Operating Income (Rs. crore)	16.6	14.8
PAT (Rs. crore)	-1.3	1.4
OPBDIT/OI (%)	-2%	13%
PAT/OI (%)	-8%	10%
Total Outside Liabilities/Tangible Net Worth (times)	17.9	8.9
Total Debt/OPBDIT (times)	-0.1	-
Interest Coverage (times)	-0.3	253.7

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Rating (FY2023)				Chronology of Rating History			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	
					Dec 30, 2022	Sep 16, 2021	Jun 25, 2020	May 24, 2019	
1	Non-fund-based bank facilities	Long-term/ Short-term	23.00	-	[ICRA]AA (Stable)/ [ICRA]A1+; Withdrawn	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term/ Short Term – Non-fund-based bank facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](https://www.icra.in)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Non-fund-based bank facilities	NA	NA	NA	23.00	[ICRA]AA (Stable)/[ICRA]A1+; Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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