

September 18, 2017

Indus Integrated Information Management Limited

Summary of rated instruments

Instrument [^]	Rated Amount (in Rs. crore)	Rating Action*
Fund-based – Cash Credit	3.00	[ICRA]BB- (Stable) ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Fund-based – Proposed Cash Credit	6.00	[ICRA]BB- (Stable) ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Fund-based – Proposed Term Loan	3.00	[ICRA]BB- (Stable) ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Non-fund based – Bank Guarantee	0.40	[ICRA]A4 ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Non-fund based – Proposed Bank Guarantee	0.60	[ICRA]A4 ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Total	13.00	

* Issuer did not co-operate; based on best available information

[^]Instrument Details are provided in Annexure-1

Rating action

ICRA has reaffirmed the long term rating for the Rs. 3.0-crore cash credit facility, Rs.6.0-crore proposed cash credit facility and Rs. 3.0- crore proposed term loan facility of Indus Integrated Information Management Limited (IIIML) at [ICRA]BB- (pronounced ICRA double B minus). The outlook on the long-term rating is stable. ICRA has also reaffirmed the short-term rating for the Rs. 0.4-crore bank guarantee facility and Rs. 0.6- crore proposed bank guarantee facility of IIIML at [ICRA]A4 (pronounced ICRA A four). The rating is moved to the ‘Issuer Not Cooperating’ category. The rating is now denoted as: “[ICRA]BB- (Stable), [ICRA]A4 ISSUER NOT COOPERATING*”.

Rationale

The rating is based on no updated information on the entity’s performance since the time it was last rated in March, 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity’s credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with IIIML, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information, and in line with SEBI’s Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA’s Rating Committee has taken a rating view based on the best available information.

Key rating drivers

Credit strengths

- **More than a decade’s experience of the promoter in conducting skill development training programmes** – IIIML is associated with various Central and State government projects and their respective departments as well as National Skill Development Corporation (NSDC) as a project implementing agency

for imparting skills to individuals, primarily from backward classes, in various sectors. While the company was initially engaged in imparting trainings primarily in the information technology sector, it is now engaged in providing wide variety of skill development trainings in various sectors like beauty and wellness, security and surveillance etc for over a decade now.

- **Favourable growth outlook for the industry** – The growth outlook for skill development industry is likely to be favourable driven by the government initiatives to conduct the skill development programme, primarily for the underprivileged masses.

Credit weaknesses

- **High sector concentration risk with ~76% of the total revenues in FY15 derived from beauty and wellness sector** - The company provides skill training in various sectors namely Information and Communication Technology, Beauty and wellness, Security and surveillance, Travel and tourism, Automobile, Healthcare and Steel. However, ICRA notes that the company is exposed to significant sector concentration risk with ~76% of the revenues in FY2015 being derived from the beauty and wellness sector alone.
- **Elongated working capital cycle on account of long collection period** - IIIML typically deals with government clients where its ability to bargain for better credit terms is limited. As a result, the company has a very long collection period which puts pressure on its liquidity.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable Criteria

[Corporate Credit Rating Methodology](#)
[Policy on non-cooperation by rated entity](#)

About the company:

Incorporated in 2003, Indus Integrated Information Management Limited is based out of Kolkata, West Bengal. The company is engaged in skill workforce development and training across various sectors viz. information technology, beauty and wellness, security and surveillance, travel and tourism, steel, automobile and healthcare. These projects are funded primarily by the National Skill Development Corporation, the Central government, the State government or their respective departments.

Key Financial Indicators

	FY2015 (audited)	9M FY2016 (prov.)
Operating Income (Rs. crore)	23.06	29.87
PAT (Rs. crore)	0.87	1.78
OPBDIT/ OI (%)	7.60%	11.74%
RoCE (%)	27.54%	38.87%
Total Debt/ TNW (times)	0.96	0.91
Total Debt/ OPBDIT (times)	1.98	1.04
Interest coverage (times)	4.95	11.71
NWC/ OI (%)	20%	20%

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability -

Capital Work - in Progress);
NWC: Net Working Capital

Rating history for last three years:

Table:

S.No	Name of Instrument	Current Rating				Chronology of Rating History for the past 3 years		
		Type (Long term/Short term)	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Month-year & Rating	Month & Rating in FY2016	Month & Rating in FY2015	Month & Rating in FY2014
					September 2017	March 2016	-	-
1	Fund-based – Cash Credit	Long Term	3.00	-	[ICRA]BB-(Stable) ISSUER NOT COOPERATING*	[ICRA]BB-(Stable)	-	-
2	Fund-based – Proposed Cash Credit	Long Term	6.00	-	[ICRA]BB-(Stable) ISSUER NOT COOPERATING*	[ICRA]BB-(Stable)	-	-
3	Fund-based – Proposed Term Loan	Long Term	3.00	-	[ICRA]BB-(Stable) ISSUER NOT COOPERATING*	[ICRA]BB-(Stable)	-	-
4	Non-fund based – Bank Guarantee	Short Term	0.40	-	[ICRA]A4 ISSUER NOT COOPERATING*	[ICRA]A4)		
5	Non-fund based – Proposed Bank Guarantee	Short Term	0.60	-	[ICRA]A4 ISSUER NOT COOPERATING*			

* Issuer did not co-operate; based on best available information

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Details of Instrument

Instrument	Date of Issuance/ Sanction	Coupon rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
Fund-based – Cash Credit	-	-	-	3.00	[ICRA]BB- (Stable) ISSUER NOT COOPERATING*
Fund-based – Proposed Cash Credit	-	-	-	6.00	[ICRA]BB- (Stable) ISSUER NOT COOPERATING*
Fund-based – Proposed Term Loan	-	-	-	3.00	[ICRA]BB- (Stable) ISSUER NOT COOPERATING*
Non-fund based – Bank Guarantee	-	-	-	0.40	[ICRA]A4 ISSUER NOT COOPERATING*
Non-fund based – Proposed Bank Guarantee	-	-	-	0.60	[ICRA]A4 ISSUER NOT COOPERATING*

Source: Indus Integrated Information Management Limited

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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