September 24, 2020

Kellton Tech Solutions Limited: Ratings withdrawn

Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based - Working Capital Facilities	20.00	20.00	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING*; Withdrawn
Short-Term Non-fund-based Facilities	20.00	20.00	[ICRA]A3 ISSUER NOT COOPERATING*; Withdrawn
Long-Term/Short-Term Non-fund-based Facilities	28.21	28.21	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING*/[ICRA]A3 ISSUER NOT COOPERATING*; Withdrawn
Unallocated Limits	81.79	81.79	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING*/[ICRA]A3 ISSUER NOT COOPERATING*; Withdrawn
Total	**150.00**	**150.00**	

**Issuer did not cooperate; based on best available information.*

^Instrument details are provided in Annexure-1

Rationale

The ratings assigned to the bank facilities of Kellton Tech Solutions Limited (KTSL) have been withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company, basis the no-objection certificates provided by its bankers. ICRA does not have adequate information to suggest that the credit risk has changed since the time the rating was last reviewed.

Key rating drivers and their description

Key rating drivers have not been captured as the rated instrument(s) are being withdrawn.

Liquidity position: Not applicable

Rating sensitivities: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Information Technology (IT) Services Industry ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of the issuer.

About the company:

Incorporated in 1993, KTSL is a global information technology company which provides IT services in the web, mobile, security, ERP and cloud space. The company offers customised Digital Transformation solutions, which include three major business units namely Digital Transformation, Digital Connected Enterprise and Enterprise Solutions. It currently has around 1500 employees across India, the US, Europe and Asia Pacific regions.

At a consolidated level, in FY2020 the company reported a net profit of Rs. 70.5 crore on an operating income of Rs. 770.7 crore compared to a net profit of Rs. 76.9 crore on an operating income of Rs. 814.1 crore in the previous year.

The previous detailed rating rationale is available on the following link: **Click** Here

Key financial indicators:

	FY2019	FY2020
Operating Income (Rs. crore)	814.1	770.7
PAT (Rs. crore)	76.9	70.5
OPBDIT/OI (%)	14.8%	14.6%
PAT/OI (%)	9.5%	9.2%
Total Outside Liabilities/Tangible Net Worth (times)	0.8	0.7
Total Debt/OPBDIT (times)	1.0	1.1
Interest Coverage (times)	6.4	6.8

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

	Instrument	Current Rating (FY2021)					Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Current Rating	Earlier Rating	FY2020		FY2019	FY2017
					24-Sep-20	31-Aug-20	23-Sep-19	9-Apr-19	28-Sep-18	03-Mar-17
1	Fund-based facilities	Long Term	20		[ICRA]BBB-(Negative) ISSUER NOT COOPERATING Withdrawn	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Stable)
2	Non-fund-based facilities	Short Term	20		[ICRA]A3 ISSUER NOT COOPERATING Withdrawn	[ICRA]A3 ISSUER NOT COOPERATING	[ICRA]A2	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
3	Non-fund-based facilities	Long Term/Short Term	28.21		[ICRA]BBB-(Negative) ISSUER NOT COOPERATING / [ICRA]A3 ISSUER NOT COOPERATING Withdrawn	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING/[ICRA]A3 ISSUER NOT COOPERATING	[ICRA]BBB+ (Negative) /[ICRA]A2			
4	Unallocated Limits	Long Term/Short Term	81.79		[ICRA]BBB-(Negative) ISSUER NOT COOPERATING / [ICRA]A3 ISSUER NOT COOPERATING Withdrawn	[ICRA]BBB-(Negative) ISSUER Not COOPERATING/[ICRA]A3 ISSUER NOT COOPERATING	[ICRA]BBB+ (Negative)/ [ICRA]A2	[ICRA]A- (Negative) /[ICRA]A2+	[ICRA]A- (Negative) /[ICRA]A2+	[ICRA]A- (Stable) /[ICRA]A2+

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
Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturi ty Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	-	20.00	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING Withdrawn
NA	Letter of Credit	NA	NA	-	5.00	[ICRA]A3 ISSUER NOT COOPERATING Withdrawn
NA	Bank Guarantee	NA	NA	-	15.00	[ICRA]A3 ISSUER NOT COOPERATING Withdrawn
NA	SBLC*	NA	NA	-	28.21	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING /[ICRA]A3 ISSUER NOT COOPERATING Withdrawn
NA	Unallocated Limits	NA	NA	-	81.79	[ICRA]BBB-(Negative) ISSUER NOT COOPERATING /[ICRA]A3 ISSUER NOT COOPERATING Withdrawn

*includes roll-over clause post one year

Source: Kellton Tech Solutions Limited

Annexure-2

List of entities considered for consolidated analysis

Company Name*	Ownership	Consolidation Approach
A Kellton Dbydx Software Private Limited	100.00%	Full Consolidation
B Kellton Tech Inc	100.00%	Full Consolidation
C Kellton Tech Solutions Inc	100.00%	Full Consolidation
D Kellton Tech Limited (Ireland)	100.00%	Full Consolidation

**The entities mentioned below are wholly owned subsidiaries of KTSL*

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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.

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For more information, visit www.icra.in

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