



Rating Rationale

ITriangle Infotech Pvt Ltd

29May2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 14.63 Crores of ITriangle Infotech Pvt Ltd.(IT IPL or The Company)

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2018)	Present
Fund based			Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Reaffirmed)
Cash Credit	10.40	6.00			
Term Loan I	2.57	3.67			
Term Loan II	--	3.46			
Non Fund Based					
Bank Guarantee*	--	1.50			
Total	12.97	14.63	INR Fourteen Crores and Sixty Three Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings, * Bank Guarantee tenure is for 5 years. FY19 Provisional financials not certified by CA.

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of ITriangle Infotech Pvt Ltd upto FY18, provisionals of FY19 and projected financials upto FY21 and the information/clarifications provided by the company.

The rating reaffirmation takes into consideration and continues to positively factor the extensive industry experience of the promoters , diversified customer base, moderate coverage indicators, marginally improved revenues and relationships with its customers. However, the rating remains constrained by the below average financial risk profile of the company marked by, negative net-worth, negative net profit & reduced operating profit margin, strained liquidity position, high conversion cycle and working capital intensive nature of operations.



Going forward, the ability of the company to increase its scale of operations while improving profitability, strengthening its capital structure, and its overall financial risk profile, timely repayment of debt obligation and the ability of the company to manage its working capital efficiently would be the key rating sensitivity

Description of Key Rating Drivers

Credit Strengths:

- **Extensive experience of the promoters:** The company's Founder and Managing Director is Mr. Vadiraj Katti. He is supported by Mr. Kiran AR and Mr. Prakash Channagiri, who are Technical Directors of the Company and are having 12-20 years of experience in embedded systems and designing respectively.
- **Diversified customer base:** The customers of the company includes "Krishnapatnam Port Company Ltd", "Indian Oil Corporation Ltd", Uber, Ola, Mapmyindia, Bangalore Metropolitan Transport Corporation (BMTC), Bosch etc,
- **Moderate coverage indicators and marginally improved revenues:** Interest coverage and debt coverage indicators stood at 1.90 times and 1.21 times in FY18 and revenues improved marginally from Rs. 13.38 Crs in FY17 to Rs. 19.60 Crs in FY18 and as per FY19 provisionals the company has reported revenues of Rs. 33.76 Crs.

Credit Risks:

- **Below average financial risk profile of the company marked by negative net-worth and reduced profit margins:** The financial risk profile is constrained by negative net-worth of Rs. 2.20 Crs and Negative net profit margin stood at (1.44)% and reduced operating profit margin from 17.09% in FY17 to 15.51% in FY18.
- **Strained liquidity position and high conversion cycle:** Strained liquidity position evidenced by current ratio stood at 0.70 times in FY18 and High conversion cycle stood at 109 days due to increase in inventory days to 129 days in FY18.
- **Working capital intensive nature of operations:** The operations of the company are working capital intensive. BWR believes that the operations shall continue to remain working capital intensive in the long term.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **ITriangle Infotech Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The



rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

ITriangle Infotech Pvt Ltd was incorporated on 20th March, 2009. The registered address of the company is located at Bangalore Karnataka. They are mainly engaged in design, development in the domains of GPS, GIS, Mobile Applications, RFID, Web Based Enterprise Applications. The company's Founder and Managing Director is Mr. Vadiraj Katti, who is having 20 years of experience in Finance, Banking, HRD and Telecom. He holds around 36% of the total share capital. He is supported by Mr. Kiran AR and Mr. Prakash Channagiri, who are Technical Directors of the Company.

Company Financial Performance

The company has reported net sales of Rs. 19.60 Cr and PAT of Rs. (0.28) Cr in FY18 as against net sales of Rs. 13.38 Cr and PAT of Rs. 0.29 Cr in FY17. As per FY19 provisional financials (Not certified by CA) the company has reported revenues of Rs. 33.76 Crs and PAT of Rs. 3.72 Crs.

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	2.5.2019	1.2.2018	2017
	Fund Based	Long Term	13.13	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Reaffirmed)	Rating Not Reviewed	BWR BB (Pronounced as BWR Double B) Outlook: Stable	Not Rated
	Non Fund Based		1.50				
	Total		14.63	₹ Fourteen Crores and Sixty Three Lakhs Only			

Status of non-cooperation with previous CRA : Nil

Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2016	2017	2018	2019	2020	2021
Result Type		Audited	Audited	Audited	Provisionals	Projected	Projected
Operating Revenue	₹ in Crs	10.51	13.38	19.60	33.76	79.76	115.33
EBITDA	₹ in Crs	1.32	2.29	3.04	9.82	24.30	35.46

PAT	₹ in Crs	0.65	0.29	(0.28)	3.72	13.31	20.86
Tangible Net worth	₹ in Crs	0.92	(0.13)	(2.20)	3.34	26.53	45.39
Total Debt/Tangible Net worth	Times	6.45	(118.69)	(6.74)	3.52	0.80	0.47
Current Ratio	Times	1.62	0.73	0.70	1.31	1.58	2.66

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.



About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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