

Date: December 13, 2023

To

Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai – 400051	Listing Compliance The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
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Subject: Intimation of Corporate Credit rating.

Regulation: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Ref: BSE Scrip Code: 543599; NSE Symbol; KSOLVES; ISIN: INE0D6I01015

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that Crisil Ratings has assigned the Company with the below-mentioned Corporate Credit Rating on December 12, 2023.

Rating Assigned by Crisil Ratings to Ksolves India Limited: CRISIL BBB/Stable.

The rating rationale is available at : <https://www.crisilratings.com/en/home/our-business/ratings/company-factsheet.KSINIM.html> and attached herewith.

This is for your information and records.

For and on behalf of Ksolves India Limited

Manisha Kide
Company Secretary and Compliance Officer

Ksolves India Limited

'CRISIL BBB / Stable' assigned to Corporate Credit Rating

Rating Action

Corporate Credit Rating	CRISIL BBB/Stable (Assigned)
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Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL BBB/Stable**' corporate credit rating to Ksolves India Limited (KIL)

The rating reflects stable business and financial risk profiles of the company with continued growth of more than 60% in last two fiscals ending FY23 driven by continuous focus on invocation and new technologies which helps them to provide new solution to their clients and sustain the revenue growth. The company has established presence across various geographies with around 70% revenue coming from USA market with services provided to various industries like including IT companies, BFSI sector, telecom sector, edutech sector etc.

The rating reflects the KIL along with its subsidiaries' extensive industry experience of the promoters and management team, and healthy capital structure. These strengths are partially offset by its high fixed cost base & susceptibility to employee attrition and vulnerability of operating margin to fluctuations in forex rates.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has combined the business and financial risk profiles of KIL along with its wholly owned subsidiaries, i.e., Kartik Solutions Private Limited (KSPL) and Ksolves LLC(KL).

Key Rating Drivers & Detailed Description

Strengths:

Extensive industry experience of the promoters and management team: The key promoter cum Managing Director, Mr. Ratan Kumar Srivastava has an experience of around two decades in internet software & services industry. He is supported by well-qualified and experience management team. This has given them an understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers. The healthy relationship with customers is reflected in repeat orders from clients in the US and European markets.

Company has been able to grow constantly at a CAGR of more than 60% for the last 2 periods ended March 31, 2023 backed by company's strong clientele with repeat orders from existing customers and healthy order book visibility over the medium term. The company is focusing in emerging technologies like Artificial intelligence and machine learning which are higher ticket size and better margin products. Till H1FY24 company has achieved revenue of Rs. 49.7 cr. and with healthy visibility and business in hand the revenue is expected to be grow at a consistent pace for full year FY24.

Diversified revenue and customer profile: The company has presence in various sectors such as technology, media and entertainment, telecommunications, banking, financial services and insurance (BFSI), e-commerce and healthcare. The top 10 customers accounted for ~50% of the revenue in fiscal 2023. Revenue profile is diversified, with the company booking revenue through licensing of software, annual maintenance fee and support services.

Healthy operating efficiencies: Company has been generating very healthy and stable operating margins since last 3 fiscals within the range of 42-43%% in last 3 fiscals ending FY23. Major expense of the company is employee cost which the company is able to maintain and also focus of company on emerging technologies like Artificial intelligence and machine learning which are higher ticket size and better margin products which is expected to support the margins over the medium term.

Weakness:

Modest scale of operations: Intense competition constrains scalability, as reflected in revenue of Rs.78.3 crore in fiscal 2023. Till H1FY24 company has achieved revenue of Rs. 49.7 cr. and with healthy visibility and business in hand the revenue is expected to remain stable for the full year FY24. Presence in a niche segment will continue to support revenue growth over the medium term, which will remain a key monitorable.

Vulnerability to fluctuations in forex rates: Since majority of the revenue comes from the international market, any sharp fluctuation in forex rates affects realisations and accrual. This exposes the operating margin to fluctuations in forex rates.

Liquidity: Adequate:

Cash accruals are expected to be over Rs.8-14 crore which are sufficient against term Nil Debt obligations over the medium term. In addition, it will be act as cushion to the liquidity of the company. Current ratio is healthy at 9.07 times on March 31, 2023. High or moderate cash and bank balance of around Rs.8-10crore as on March 31, 2023. Low gearing and moderate net worth support it's financial flexibility, and provides the financial cushion available in case of any adverse conditions or downturn in the business.

Outlook Stable

CRISIL Ratings believes KIL along with its subsidiaries will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

Rating Sensitivity factors

Upward factor

- Sustained improvement in scale of operation and sustenance of operating margin, leading to higher cash accruals of more than Rs. 20 crores.
- Continued improvement in financial risk profile, supported by better than anticipated cash generation, and improved working capital management.

Downward factor

- Decline in revenue by 20% and operating margin impacting the overall cash accruals of the company.
- Any large debt-funded capital expenditure or sizeable dividend payment weakening the financial risk profile.

About the Company

KIL was incorporated in July 2014. It is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). KIL is engaged in developing software & application and providing IT related solutions such as big data services, salesforce services, artificial intelligence, machine learning, iOS application development, android application development, node.js development, reactjs development, salesforce development, serverless architecture, ruby on rails development, cyber security, DevOps, SecOps, backup, and disaster recovery, cross-platform, SaaS application, and API integration to its clients.

About the subsidiaries

KSPL was incorporated in 2012 and was acquired by KIL in 2019. It is a wholly owned subsidiary of KIL. It's engaged in providing IT and IT-enabled services including web, mobile, cloud, and e-commerce solutions.

KL was acquired in June 2021. It is a wholly-owned subsidiary of KIL. It's engaged in providing IT solutions with KIL

The group is headed by Mr. Ratan Kumar Srivastava (Founder and Managing Director) along with other directors.

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Kartik Solutions Private Limited	Full consolidation	Wholly owned subsidiary of KIL
Ksolves LLC	Full consolidation	Wholly owned subsidiary of KIL

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2023 (History)		2022		2021		2020		Start of 2020
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	0.0	CRISIL BBB/Stable	29-11-23	CRISIL BBB/Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure – Details of Bank Lenders/Facilities

Facility	Amount (Rs. Crore)	Name of Lender	Rating
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For further information contact:

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