

No. CARE/HO/RR/2021-22/1454

Shri Sourav Mukherjee

Director

NS OXYMORON ADVISORS PRIVATE LIMITED

Flat No 2, A Wing, 2nd Floor,
Llyods Garden, Appasaheb Marathe Marg,
Prabhadevi, Mumbai
Maharashtra 400025

November 15, 2021

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

Please refer to our letter(s) dated November 01, 2021 on the above subject.

2. The rationale for the rating is attached as an **Annexure-I**.
3. We request you to peruse the annexed document and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by November 18, 2021 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,



Hitesh Avachat

Associate Director

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Annexure 1
NS OXYMORON ADVISORS PRIVATE LIMITED

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debentures	190.00 (Reduced from 193.00)	CARE BBB- (CE); Stable* [Triple B Minus (Credit Enhancement); Outlook: Stable]	Final Rating Confirmed
Total Long-Term Instruments	190.00 (Rs. One Hundred Ninety Core Only)		

Details of facilities in Annexure-1

**The rating is backed by credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by Netscribes (India) Private Limited (NIPL). The guarantee would be valid up to Merger Effective date⁵.*

Unsupported Rating²	CARE BB (Double B) [Reaffirmed]
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Note : Unsupported Rating does not factor in the explicit credit enhancement

Detailed Rationale and Key Rating Drivers for the credit enhanced debt of NS Oxyoron Advisors Private Limited (Oxyoron)

The rating assigned to the Non-convertible Debenture (NCD) issue of Oxyoron has been converted into final rating post receipt of executed version of corporate guarantee (CG) from Netscribes (India) Private Limited (NIPL; guarantor) and other relevant documents to the satisfaction of CARE. The ratings factor in the credit enhancement in the form of an unconditional and irrevocable CG extended by NIPL towards timely servicing of debt obligations. The above rating is solely based on CARE's view on guarantor's credit profile and accordingly the rating rationale highlights the credit risk assessment parameters for guarantor.

Detailed Rationale and Key Rating Drivers of Netscribes (India) Private Limited (NIPL; the guarantor)

The credit profile of Netscribes (India) Private Limited (NIPL) derives strength from its strong operating model in the field of analytics, market intelligence, and aligned services registering a revenue growth of over 20% CAGR in the past five years (refers to the period between FY17-FY21). The rating favorably factors in the long-term fixed price contractual relationship across its prominent client base and satisfactory order book position as on June 12, 2021, which provides medium term revenue visibility. The rating also considers the robust financial risk profile supported by adequate liquidity available in the form of free cash balance and comfortable profitability margins.

The above rating strengths are offset by its small, albeit growing scale of operations and customer concentration risk amid intense competitive landscape.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

² As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019. As per this circular, the suffix 'CE' (Credit Enhancement) is assigned to the ratings with explicit external credit enhancement, against the earlier used suffix 'SO' (Structured Obligation).

⁵ **Merger Effective Date** shall mean the date on which the order of the relevant National Company Law Tribunal approving the Scheme of Amalgamation is filed by the Oxyoron and NIPL with the relevant Registrar of Companies;

Scheme of Amalgamation means the scheme of amalgamation of the Oxyoron and NIPL in form and content agreed between the Oxyoron and the Debenture Trustee (acting on the Approved Instructions), some of the terms of which are set forth in the Deed

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CARE notes the scheme of merger between Oxymoron and NIPL and debt-raising program in the form of NCD issued by the former for acquisition purpose. The proceeds of the said NCD have been utilised primarily to buyout the majority stake of existing private equity investor in NIPL on a fully diluted basis such that the promoter directly as well as indirectly through Oxymoron collectively own 98.50% stake in NIPL. After the acquisition, it is proposed to merge Oxymoron and NIPL post which NIPL will cease to exist. The corporate guarantee from NIPL is also expected to be valid up to merger effective date post which the NCD would become a liability of the merged entity. CARE expects the financial risk profile of the post-merger entity to moderate on account of large debt-funded acquisition. However, free cash balance available with NIPL as on September 30, 2021, part of which would be restricted for debt servicing, coupled with internal accruals would be utilised to support the repayments. CARE would continue to monitor the developments in this regard.

Key rating drivers of NS Oxymoron Advisors Private Limited (Unsupported Rating)

The rating assigned considers the dormant operations of the company with no operational track record and negligible market presence. The ratings also take cognisance of debt-funded acquisition of NIPL which is substantial relative to Oxymoron's net worth base. The ratings, however, remains supported by the experience of promoters who have demonstrated track record by undertaking relevant shift in the business focus in the entity being acquired, leading to consistent growth in the acquired entity's scale of operations over the period of past-five years (refers to period between FY17-FY21).

Rating Sensitivities

Positive Factors

- Sustained scaling up of operations with total operating income over Rs.170 crore whilst keeping the profitability margins (PBILDT and PAT margins) intact
- Sustained revenue and EBITDA growth post-merger resulting in improvement in debt protection metrics with total debt/EBITDA declining below 2.00x

Negative Factors

- Deterioration in the scale of operations leading to strain on the profitability metrics and liquidity profile
- Technology or competitive shifts weakening the company's market position and ability to retain its top customers
- Deterioration in the debt protection metrics with total debt/PBILDT exceeding 2.70x post completion of moratorium period

Detailed description of the key rating drivers of NS Oxymoron Advisors Private Limited

Dormant operations with no operational track record

Oxymoron remains a dormant company with no revenues and negligible market presence. As on September 30, 2021, the company is 99.99% held by Mr. Sourav Mukherjee.

Substantial debt-funded acquisition

The promoter of Oxymoron is funding the acquisition through NCD to buyout the majority stake of NIPL's existing investor. Since Oxymoron remains a dormant company, the size of the debt is substantial relative to its net worth base. The corporate guarantee from

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NIPL would kick in from pay-in date and would remain effective until the merger effective date post which the said NCD would become the liability of the merged entity and debt would be serviced through the cash flows of the operating company i.e., NIPL. The ability of Oxymoron to complete the acquisition and merger in a time bound manner would remain a key rating sensitivity

Established track record of promoters

Mr. Sourav Mukherjee, promoter of both Oxymoron and NIPL, is associated with both the companies since their inception. He was previously associated with the Economic Times as a finance editor. Under his leadership, NIPL has undertaken relevant shifts in its business focus to realign itself with changing business and competitive landscape. Over the years, the promoters were able to develop new marketing networks and leverage existing networks to make headways into new markets and develop strong foothold in existing ones which have helped NIPL to consistently grow its scale of operations.

Detailed description of the key rating drivers of Netscribes (India) Private Limited (NIPL; the guarantor)

Strong operating model with demonstrated track record of over two decades

NIPL operates on a business model wherein it provides data and insights solutions to firms operating in e-commerce, technology, media, market research & consulting and other industries through its domestic network and global coverage of over 25+ nations. The company lends tactical support in business areas such as sales and marketing, product development and innovation. The company's revenue base remains diversified and has exposure to business verticals which are majorly online driven. The business heads have shown notable resilience despite pandemic which is reflective in its growing revenue base during FY20 and FY21 with profitability margins remaining intact.

Long term contracts with prominent clients providing medium term revenue visibility with high customer retention ratio

NIPL leverages its long-term engagement models wherein dedicated teams are deployed for a specific project and are billed based on number of people deployed. The above model helps in retaining its clientele base and thus drives recurring revenues for the company whilst maintaining high profitability margins viz. (PBILDT and PAT margins). The company derives average of ~82% of the revenues from its long- and medium-term contracts. As on June 12, 2021, the company has satisfactory order book position aggregating Rs.81.13 crore for FY22 with 93% of it is attributable to long- and medium-term contracts. NIPL recurring revenue due to high retention and steady addition of new customers have helped company to grow at a CAGR of 22% for the past five years.

Robust financial risk profile

The financial risk profile of NIPL remains robust marked by recurring revenues from its growing clientele base and stable expenses with nil gearing and superior PBILDT interest coverage as on March 31, 2021. With no external debt and a lean cost structure have helped company to maintain strong contributing margins. NIPL earns its major revenue through exports and thus commands better margins. In FY21, the PBILDT and PAT margins stood at 33.84% and 22.19% respectively.

Small scale of operations

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Though NIPL was incorporated in the year 2000, its scale of operations, although growing, remains small which is reflected in its FY21 revenue at Rs. 102.66 crore and PAT at around Rs.22.78 crore. Over the period of years, the company has customized its service offerings viz. venturing into the e-commerce retail, a domain which was not present at the time of NIPL inception, and other services such as setting up primary research segment to offer targeted/customised research etc. to augment and diversify its revenue sources. The ability of the company to continue scaling up profitably whilst maintaining the margins would remain a key rating monitorable.

Established albeit concentrated clientele

NIPL has established relationship with reputed clients, both in domestic as well as in overseas market. The company have been receiving regular orders from these clients. Majority of the customers are billed as per dedicated FTE billing methodology which are multi-year contracts. However, revenue from top 10 clients contributed around 73% in FY21 and 72% in FY20 whereas top 3 account for 50% and 44% in FY21 and FY20 respectively.

Liquidity: Adequate

Liquidity remains adequate driven by cash balance available in the form of fixed deposits (FD) of Rs.90.78 crore as on September 30, 2021. (*Out of Rs.90.78 crore, Rs.5.22 crore is earmarked for NCD interest payment in November 2021*). The company does not have any fund based and non-fund based working capital limits and lean operating cycle negates any substantial requirement of working capital in the projected period. Although, a majority part of the available free cash balance as on September 30, 2021 would be restricted to support the repayments post-merger with Oxymoron, the management has indicated to keep around Rs.20 crore of free cash available at all point in time.

Analytical approach:

For Credit Enhanced Rating: CARE's rating on the instrument of Oxymoron factors in the credit enhancement in the form of an unconditional and irrevocable corporate guarantee extended by NIPL towards timely servicing of debt obligations.

As Oxymoron is a dormant company with no operations and going forward Oxymoron is expected to merge with NIPL, we have considered the consolidated financials of NIPL for our analysis. The consolidated financials of NIPL are considered as the subsidiaries of NIPL have significant management, financial and operational linkages with the holding company. The following subsidiaries have been adopted for consolidation:

Name of subsidiary	Country of incorporation	% holding as on March 31, 2021
Netscribes, Inc	USA	100%
Inrea Research Solutions Private Limited	India	100%
Netscribes Global Pte Limited	Singapore	100%

For Unsupported Rating: Standalone approach. Further, management linkages with NIPL have been taken into consideration

Applicable Criteria

Criteria on rating outlook and credit watch

CARE's Policy on Definition of default

Financial ratios – Non-Financial Sector

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Liquidity analysis of non-financial sector entities
Rating Methodology-Service Sector Companies
Criteria for Rating credit enhanced debt

About the Guarantor

Founded in 2000, Netscribes (India) Private Limited (NIPL) commenced operations as a market intel firm. Presently, the company offers a range of services for its targeted verticals through its two business heads namely data solutions which predominantly deals with collection, validation and structuring of data through primary and secondary research methods and insights which deals with the analytics on the collated data and share reports/findings with the clientele. The company has three delivery locations across India at Mumbai, Kolkata and Gurgaon and one each in Singapore and New York having customer coverage spanning across five continents and 25+ countries which includes United States of America, United Kingdom, France, Russia, Japan, China, Middle East, Australia and Africa.

About the company (NS Oxyoron Advisors Private Limited)

Incorporated on May 2008, NS Oxyoron Advisors Private Limited (Oxyoron) carry on the business of investment advisory services in assisting companies and corporate entities, either private or public, to raise funds in the form of equity, debt or any other legal securities and to advise and help them conclude mergers, acquisitions, or conclude sales or consulting deals with other firms across the globe. As on September 30, 2021, Oxyoron is 99.99% held by Mr. Sourav Mukherjee. The company operations remain dormant as is reflective in terms of no revenues for the past five years.

Financial Performance (Past- Standalone): NS Oxyoron Advisors Private Limited
(Rs. crore)

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<i>For the period ended / as at March 31,</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
	<i>(12m, A)</i>	<i>(12m, A)</i>	<i>(12m, A)</i>
<u>Working Results</u>			
Net Sales	-	-	-
Total Operating income	-	-	-
PBILDT	-	-	-
Interest	-	-	-
Depreciation	-	-	-
PBT	-	-	-
PAT (after deferred tax)	-	-	-
Gross Cash Accruals	-	-	-
<u>Financial Position</u>			
Equity Capital	0.01	0.01	0.01
Tangible networth	-	-	-
Total capital employed	-	-	-
<u>Key Ratios</u>			
<i>Growth</i>			
Growth in Total income (%)	-	-	-
Growth in PAT (after deferred tax) (%)	-	-	-
<i>Profitability</i>			
PBILDT/Total Op. income (%)	-	-	-
PAT (after deferred tax)/ Total income (%)	-	-	-
ROCE (%)	-	-	-
<i>Solvency</i>			
Debt Equity ratio (times)	-	-	-
Overall gearing ratio(times) (including acceptances)	-	-	-
Interest coverage(times)	NM	NM	NM
Term debt/Gross cash accruals (years)	-	-	-
Total debt (including acceptances)/Gross cash accruals (years)	-	-	-
<i>Liquidity</i>			
Current ratio (times)	1.80	0.93	0.25
Quick ratio (times)	1.80	0.93	0.25
<i>Turnover</i>			
Average collection period (days)	-	-	-
Average inventory (days)	-	-	-
Average creditors (days)	-	-	-
Operating cycle (days)	-	-	-

A: Audited; NM: not meaningful

Financial Performance (Past- Consolidated): Netscribes (India) Private Limited

(Rs. crore)

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<i>For the period ended / as at March 31,</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
	<i>(12m, A)</i>	<i>(12m, A)</i>	<i>(12m, A)</i>
<u>Working Results</u>			
Net Sales	64.25	85.19	100.06
Total Operating income	68.35	89.79	102.66
PBILDT	18.33	25.56	34.75
Interest	0.19	0.17	0.13
Depreciation	1.75	2.99	3.79
PBT	16.40	22.41	30.88
PAT (after deferred tax)	11.07	16.56	22.78
Gross Cash Accruals	12.61	19.16	25.73
<u>Financial Position</u>			
Equity Capital	12.79	12.79	12.79
Tangible networth	42.28	59.22	81.34
Total capital employed	42.75	59.52	80.18
<u>Key Ratios</u>			
<i>Growth</i>			
Growth in Total income (%)	35.06	31.36	14.33
Growth in PAT (after deferred tax) (%)	59.98	49.62	37.59
<i>Profitability</i>			
PBILDT/Total Op. income (%)	26.82	28.47	33.84
PAT (after deferred tax)/ Total income (%)	16.19	18.44	22.19
ROCE (%)	43.25	44.15	44.31
<i>Solvency</i>			
Debt Equity ratio (times)	0.00	0.00	0.00
Overall gearing ratio(times) (including acceptances)	0.02	0.02	0.00
Interest coverage(times)	98.09	153.84	269.52
Term debt/Gross cash accruals (years)	-	-	-
Total debt (including acceptances)/Gross cash accruals (years)	0.06	0.07	-
<i>Liquidity</i>			
Current ratio (times)	3.63	3.48	3.64
Quick ratio (times)	3.63	3.48	3.64
<i>Turnover</i>			
Average collection period (days)	67	76	72
Average inventory (days)	-	-	-
Average creditors (days)	10	11	13
Operating cycle (days)	57	65	59

A: Audited

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Details of rated facilities: Please refer Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-5

Annexure-1: Details of Instruments

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Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-Convertible Debentures	Please refer the table below				190.00	CARE BBB- (CE); Stable
Un Supported Rating		-	-	-	0.00	CARE BB

Details of NCD:

ISIN	Date of issue	Amount (in Rs.crore)	Coupon rate	Maturity Date	Rating assigned
INE01FJ07010	September 03, 2021	75.00	11.50%	August 20, 2026	CARE BBB- (CE); Stable
INE01FJ07028	September 03, 2021	50.00	11.50%	August 20, 2026	CARE BBB- (CE); Stable
INE01FJ07036	September 03, 2021	40.00	11.50%	August 20, 2026	CARE BBB- (CE); Stable
INE01FJ07044	September 03, 2021	25.00	11.50%	August 20, 2026	CARE BBB- (CE); Stable
Total		190.00			

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type 2021-2022	Amount Outstanding (Rs. crore) 2021-2022	Rating 2021-2022	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Debentures-Non Convertible Debentures	LT	190.00	CARE BBB- (CE); Stable	1)Provisional CARE BBB- (CE); Stable (04-Aug-21)	-	-	-
2	Un Supported Rating	LT	0.00	CARE BB	1)CARE BB (04-Aug-21)	-	-	-

* Long Term / Short Term

Annexure 3: Details of rated facilities: not applicable

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Complex
2.	Un Supported Rating	Simple

Annexure-5: Detailed explanation of covenants of the rated instrument / facilities

Sr. No.	Name of the Instrument	Detailed Explanation
1.	Debentures-Non Convertible Debentures	
	A. Financial Covenants	1). No other debt facility other than this facility and existing facility of Rs. 6.50 crore by Axis Bank permitted at Borrower and Target entity

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Sr. No.	Name of the Instrument	Detailed Explanation
		<p>2). Borrower and target to get merged within 15 months from the date of issuance of NCD</p> <p>3). Contracted revenue for FY23 as on March 31, 2022, should be at least 50% of the projected revenues as per the base case model and contracted order book for FY23 at June 30, 2022 should be at least 60% of the projected revenue for FY23</p> <p>4). Consolidated DSCR at the borrower and group to be at least 1.10x</p> <p>5). Restrictions on dividends, acquisitions/joint ventures/mergers/loans and advances, divestment of investments, assets</p> <p>6). The borrower net leverage ratio to be within the stipulated covenant levels for the 12 months period ending (each a "Test Date") as agreed in the debenture trust deed</p>

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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(This follows our brief rationale published on November 08, 2021)

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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