

NS Oxymoron Advisors Private Limited (Revised)

September 30, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-Convertible Debentures	145.34 (Reduced from 190.00)	CARE BBB-; Stable (Triple B Minus; Outlook: Stable)	Revised from CARE BBB- (CE); Stable [Triple B Minus (Credit Enhancement); Outlook: Stable]
Total Long Term Instruments	145.34 (₹ One Hundred Forty-Five Core and Thirty-Four Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Unsupported Rating

As stipulated vide SEBI circular dated June 13, 2019

Withdrawn [Withdrawn]

Detailed rationale and key rating drivers

Rating assigned to the Non-Convertible Debentures of NS Oxymoron Advisors Private Limited (NS Oxymoron) is based on its healthy consolidated business profile which mainly derives strength from its subsidiary; Netscribes (India) Private Limited (NIPL). The consolidated business profile demonstrates strong operating model in the field of analytics, market intelligence, and aligned services resulting in sustained revenue growth of over 20% CAGR in the past five years (refers to the period between FY17-FY22). The rating also factors in the liquidity profile which is characterised by lean operating cycle and low working capital requirement, supported by healthy cash balances of around Rs.45 crores as at end August 2022. The above rating strengths are offset by its small, albeit growing scale of operations and customer concentration risk amid intensely competitive landscape.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Revenue growth sustained above Rs. 200 crores along with healthy EBITDA.
- Improvement in debt protection metrics with total net debt/ EBITDA declining below 2.00x on a sustained basis.

Negative factors – Factors that could lead to negative rating action/downgrade:

- Deterioration in the scale of operations leading to strain on the profitability metrics and liquidity.
- Technology or competitive shifts weakening the company's market position and ability to retain its top customers.
- Deterioration in the debt protection metrics with Net debt/EBITDA exceeding 2.7x.

Detailed description of the key rating drivers

Key rating strengths

Strong business model with demonstrated track record of over two decades

NS Oxymoron 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. Company 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. Business profile also draw strength from NS Oxymoron's reputed clientele which includes companies like Flipkart, HDFC Bank, Avetta LLC. Moreover, company has a large customer base of around 150 clients.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Robust and sustained revenue growth and EBITDA Margins in FY22; momentum likely to continue in FY23 and in FY24.

NS Oxymoron's recurring revenue due to high retention, and steady addition of new customers have helped company to grow over 20% CAGR for the past five years. In FY22 consolidated revenue of NS Oxymoron stood at Rs. 130.35 crores (FY21: Rs.100.05 Crores). Healthy realisation, increase in the customer base and healthy orders flow from existing customers has resulted into revenue growth. As informed by the management, scale-up in business in FY23 and FY24 will be driven by combination of organic and inorganic growth. Management expects a top line of around Rs. 160 crores in FY23 and around Rs. 200 crores by FY24. As on June 30, 2022; company has a confirmed orderbook of Rs. 79.26 crores. NS Oxymoron has reported healthy EBITDA margin (before onetime transaction expenses) of 39.2% in FY22. Management expects EBITDA to be in the similar range in FY23 mainly on account of increase in realisation along with favourable revenue mix. As per 5MFY23 financials, company has achieved a top line of Rs. 57.44 crores (5MFY22: Rs. 49.58 crore) and EBITDA margin of 38.6%. (5MFY22 34%). CARE believes that ability of NS Oxymoron to increase its scale of operations while maintaining its EBITDA margins will be a key monitorable.

Improvement in the Credit metrics likely from FY23 onwards:

In FY22, NS Oxymoron raised NCDs worth Rs. 190 crores for acquiring majority stake in NIPL. This is the only debt on the books of NS Oxymoron at a consolidated level. As at FY22 end Debt/EBITDA of NS Oxymoron remained elevated at 4.6x, although the agency notes that given the considerable cash balances, Net Debt/ EBITDA stood better at 3x. CARE believes that given expected healthy EBITDA going forward, net debt/EBITDA is likely to improve considerably and will remain below 2x in FY23. As per the NCD term sheet if the net debt/EBITDA is below 2.75x then the post-merger additional rate of 3.75 will not be charged. Interest rate currently applicable on the NCD comprises of a base rate of 11.5% and an additional rate of 3.75%. Post the merger of NS Oxymoron with NIPL, the additional interest rate will be waived off provided net debt/EBITDA is below 2.75x. CARE Ratings believes that the likelihood of interest rate reduction is strong given the strong cash flow generation capability of the company. NS Oxymoron has already filed its application for the merger with concern Authorities and the merger is likely to happen before December 2022. Interest coverage remained moderate in FY22, and it stood at 1.8x and is likely to improve to around 3x in FY23, with further steady improvement in subsequent years.

Key rating Weakness**Small scale of operations:**

NS Oxymoron on standalone basis does not have any operation and it operates through its subsidiary NIPL which was incorporated in the year 2000. CARE notes that although scale of operations is growing, it remains small which is reflected in its FY22 revenue at Rs. 130.35 crore and PAT at around Rs.7.97 crore. Over the period of how many years, the company has customized its service offerings viz. venturing into the e-commerce retail, a domain in which it was not present at the time of inception, and other services such as setting up primary research segment to offer targeted/customised research etc. to augment and diversify its revenue sources. Although historically revenue profile has shown a growing trend; CARE believes that the ability of the company to maintain this revenue growth in FY25 FY26 in order to generate healthy Gross cash accruals against the scheduled NCD obligations will be a key monitorable.

Established albeit concentrated clientele:

NS Oxymoron has established relationship with reputed clients, both in domestic as well as in overseas markets. The company has been receiving regular orders from these clients. Majority of the customers are billed as per dedicated FTE billing methodology (full form) which are multi-year contracts. However, revenue from top 10 clients contributed more than 73% in FY22 and 72% in FY21 whereas top 3 account for 53% and 50% in FY22 and FY21 respectively. The company deals with several well renowned clients such as Flipkart Internet Pvt Ltd (Contributes: 29% of FY22 revenue dealing since 2018), Avetta LLC (Contributes: 21% of FY22 revenue dealing since 2015) and Pitchbook Data Inc (Contributes: 10% of FY22 revenue dealing since 2013).

Liquidity: Adequate

Liquidity profile of NS Oxymoron continues to remain adequate despite the lumpy repayment obligation which was due in May 22. Company continues to maintain healthy cash balance of Rs. 45.39 crores available in the form of fixed deposits (FD) of Rs.13.60 crore and bank balance of 31.78 crores as at end August 2022. 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. As informed by the management; in order to fund its inorganic growth plans over the next 12 months, around Rs. 20 crores could potentially be utilised. However, the payments towards acquisitions are likely to be made over a three-year

period, and hence unlikely to stress the cash flows of the company. Additionally, as per the management, the company will be maintaining free cash of around Rs.20 crore at all points in time. CARE notes that in May 2022, NS Oxymoron has made scheduled repayment of Rs. 44.65 crores with the help of healthy cash balance available as of March 2022. There are no repayments due in the remaining part of FY23.

Analytical approach

CARE has considered the consolidated financials of NS Oxymoron along with its subsidiary NIPL for analytical purposes owing to financial and operational linkages between the company, its single subsidiary i.e. NIPL.

Applicable criteria

[Policy on default recognition](#)
[Financial Ratios – Non financial Sector](#)
[Rating Outlook and Credit Watch](#)
[Policy on Withdrawal of Ratings](#)
[Rating Methodology: Consolidation](#)
[Rating Methodology: Notching by factoring linkages in Ratings](#)
[Service Sector Companies](#)

About the company

Promoted by Mr. Sourav Mukherjee and incorporated on May 2008, NS Oxymoron Advisors Private Limited (“NS Oxymoron”) is engaged in 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. On the standalone level, company’s operations remain dormant as is reflective in terms of no revenues for the past five years. In September 2021, NS Oxymoron acquired 80.07% stake (FY21: 0%) in Netscribes (India) Private Limited (NIPL) from Helix Investments Company, Mauritius and became holding company of NIPL. NIPL was founded in 2000 and is engaged in operations as a market intelligence firm.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	5MFY2023
Total operating income	0.00	131.47	57.44
PBILDT	0.00	40.51	22.17
PAT	0.00	7.97	5.61
Overall gearing (times)	-0.94	-2.25	NA
Interest coverage (times)	-0.27	1.8	NA

A: Audited, NA: Not Applicable

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Non-Convertible Debentures	INE0IFJ07010	September 03, 2021	11.5%	August 20, 2026	57.37	CARE BBB-; Stable
	INE0IFJ07028	September 03, 2021	11.5%	August 20, 2026	38.25	CARE BBB-; Stable
	INE0IFJ07036	September 03, 2021	11.5%	August 20, 2026	30.60	CARE BBB-; Stable
	INE0IFJ07044	September 03, 2021	11.5%	August 20, 2026	19.12	CARE BBB-; Stable
Un Supported Rating		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non-Convertible Debentures	LT	145.34	CARE BBB-; Stable	-	1)CARE BBB-(CE); Stable (08-Nov-21) 2)Provisional CARE BBB-(CE); Stable (04-Aug-21)	-	-
2	Un Supported Rating	LT	-	-	-	1)CARE BB (08-Nov-21) 2)CARE BB (04-Aug-21)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	<p>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</p> <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>
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Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Complex
2	Un Supported Rating-Un Supported Rating (Long Term)	Complex

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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