

Press Release

Vinnav Infrateck Private Limited (VIPL)

July 22, 2019

Rating Reaffirmed & Assigned



Total Bank Facilities Rated	Rs. 9.50 crore (Enhanced for Rs.8.75 crore)
Long Term Rating	ACUITE B/ Stable (Reaffirmed & Assigned)
Short Term Rating	ACUITE A4 (Reaffirmed & Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long term rating of '**ACUITE B**' (**read as ACUITE B**) and reaffirmed and assigned short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to bank facilities of Rs.9.50 crore of Vinnav Infrateck Private Limited. The outlook is '**Stable**'.

Vinnav Infrateck Private Limited (VIPL) was established in 1995 as a proprietorship concern and converted to private limited in 2012. The company, led by Mr. Giriraju Pathapati and Ms. Vandana Narayana Raju Kondoor, is engaged in construction work and caters to the Karnataka government. The registered office is located at Bangalore, Karnataka.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of VIPL to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

The Directors of VIPL, Mr. Giriraju Pathapati and Mr. Vandana Narayana Raju Kondoor have extensive experience of over two decades in the construction and infrastructure industry.

Weaknesses

Average financial risk profile

The financial risk profile of the company is marked by low Net worth, high gearing and comfortable debt protection metrics. The net worth of the company stood low at Rs 3.17 crore in FY2019 (Prov.) as increased from Rs. 2.69 crore in FY2018, mainly on account accumulated profit. The gearing of the company stood high at 2.01 times in FY2019 (Prov.) as compared to 2.43 times in FY2018. The total debt of Rs. 6.37 crore consist of short term debt of Rs.3.47 and unsecured loan from promoters of Rs. 2.90 as on 31st March 2019 (Prov.). The interest coverage ratio (ICR) of the company stood comfortable at 2.34 times in FY2019 (Prov.) as compared to 1.58 times in FY2018. The debt service coverage ratio (DSCR) of the company stood healthy at 2.03 times in FY2019 (Prov.) as compared to 1.58 times in FY2018. The net cash accruals against the total debt stand moderate at 0.09 times in FY2019 (Prov.) as compared to 0.05 times in FY2018.

Working capital intensive nature of operation

Operations of the company were working capital intensive which is evident from high GCA days of 288 days in FY2019 (Prov.) as against 305 days in FY2018. This is mainly on account of high collection period which stood at 173 days and 161 days for FY2019 (Prov.) and FY2018 respectively. This high GCA is also emanates from high other current asset of Rs.4.65 crore in FY2019 (Prov.).

Liquidity Position

The company has stretched liquidity marked by moderate net cash accruals of Rs.0.56 crore in FY2019 (Prov.) as compared to Rs.0.31 crore in the previous year. The stretched liquidity of the company has also marked by 90-95 per cent utilization of working capital limit. The company's operations are working capital intensive as marked by gross current asset (GCA) days of 288 in FY 2019 (Prov).

Outlook: Stable

Acuité believes VIPL will continue to benefit over the medium term from its long track record of operation. The outlook may be revised to 'Positive' in case the firm registers higher -than-expected growth in revenues while achieving sustained improvement in profit margins and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the firm fails to achieve the projected revenues, or in case of further deterioration in the firm's financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY19 (Prov.)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	16.11	15.20	17.16
EBITDA	Rs. Cr.	1.22	0.80	0.80
PAT	Rs. Cr.	0.48	0.19	0.24
EBITDA Margin	(%)	7.58	5.23	4.67
PAT Margin	(%)	2.96	1.22	1.43
ROCE	(%)	12.63	8.84	10.64
Total Debt/Tangible Net Worth	Times	2.01	2.43	1.66
PBDIT/Interest	Times	2.34	1.58	198
Total Debt/PBDIT	Times	5.03	7.85	5.39
Gross Current Assets (Days)	Days	288	305	137

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructures Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
11-Sep-2018	Cash Credit	Long Term	3.00	ACUITE B (Indicative)
	Proposed Cash Credit	Long Term	1.25	ACUITE B (Indicative)
	Bank Guarantee	Short Term	4.50	ACUITE A4 (Indicative)
31-Jul-2017	Cash Credit	Long Term	3.00	ACUITE B/Stable (Assigned)
	Proposed Cash Credit	Long Term	1.25	ACUITE B/Stable (Assigned)
	Bank Guarantee	Short Term	4.50	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.25	ACUITE B/Stable (Reaffirmed)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.25	ACUITE B/Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE A4 (Reaffirmed)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A4 (Assigned)

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About Acuite Ratings & Research:

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