

## Press Release

Veera Techno Trec Private Limited

September 27, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	ACUITE BB- / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 10.00 crore bank facilities of Veera Techno Trec Private Limited (VTPL). The outlook is '**Stable**'.

Incorporated in 2003, the company has been taken over by Mr. Gopal Saha and Mr. Niladri Saha in 2006. It is an approved RDSO (Research and Design Standards Organization) Part - 1 supplier to Indian Railways for Switches, Switch Expansion Joints and Thick Web Switches as per Indian Railway Specifications (IRS) design. It is also engaged in the manufacturing of railway track items consisting of switches & turnouts, thick web switches, glued joints, diamond crossings, spring setting device.

### Analytical Approach

Acuite has considered standalone business and financial risk profile of VTPL to arrive at the rating.

### Key Rating Drivers:

#### Strengths

- Established track record of operations and experienced management**

The Director, Mr. Niladri Saha has an experience of more than a decade in the steel industry through its sister concern Gopal Industries and Gopal Equipments & castings limited. The experience of the promoter helped the company to establish long term relations with the customers and suppliers.

- Reputed clientele and healthy order book position**

Over the years, the company has developed long standing relationships with its reputed clients. VTPL caters mainly to the Indian railways. The firm has a reputed list of clients including Larsen & Turbo, SAIL, Adani group, Tata project Limited, JSW Steel among others. VTPL has orders in hand of Rs.113.21 crore which is to be executed within one to two year.

#### Weaknesses

- Working capital intensive operations**

VTPL's operations are working capital intensive marked by Gross Current Assets (GCA) of 303 days in FY2018 (Provisional) as against 334 days in FY2017. This is mainly on account of high inventory of 154 days in FY2018 (Provisional) and debtor of 72 days in FY2018 (Provisional). The average bank limit utilisation for the past 6 months is 100 percent.

### Outlook: Stable

Acuite believes that VTPL will maintain a stable outlook over the medium term on account of its experienced management and established market position. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenue and accruals along with improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of significant elongation in the working capital cycle or if the company registers lower-than-expected growth in revenue and profitability or deterioration in the financial risk profile.

### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	26.20	22.67	16.91
EBITDA	Rs. Cr.	1.80	1.42	0.97
PAT	Rs. Cr.	0.19	0.07	0.04
EBITDA Margin	(%)	6.88	6.25	5.75
PAT Margin	(%)	0.72	0.31	0.22
ROCE	(%)	14.76	12.02	8.19
Total Debt/Tangible Net Worth	Times	1.12	1.24	1.01
PBDIT/Interest	Times	1.36	1.28	1.33
Total Debt/PBDIT	Times	3.01	3.97	3.92
Gross Current Assets (Days)	Days	303	334	432

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4

\*Bank guarantee total- Rs. 10.00 crore, Letter of credit- Rs. 3.50 crore. Total exposure-Rs.18.50 crore

## Contacts

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### About Acuite Ratings & Research:

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