



Press Release

Veera Techno Trec Private Limited

October 17, 2018

Rating Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs. 28.50 Cr. (Enhanced from Rs. 10.00 Crore)
Long Term Rating	ACUITE BB- / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed 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 (VTPPL).

Further, Acuité has assigned short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 18.50 crore bank facilities VTPPL. The outlook is '**Stable**'.

Incorporated in 2003, VTPPL 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 Specs (IRS) Design. It is engaged in the manufacturing of railway track items consists of switches & turnouts, thick web switches, glued joints, diamond crossings and spring settingdevice.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

The Director, Mr. Niladri Saha has more than a decade of experience in the steel industry along with its sister concern Gopal Industries and Gopal Equipments & Castings Limited. Backed by the experience of promoter, the company established 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. VTPPL caters mainly to the Indian railways. The firm has a reputed list of clients including Larsen & Turbo, SAIL, Adani group, Tata project Limited, KEC International Limited and JSW Steel among others. VTPPL 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 creditor of 158 days in FY2017. The average bank limit utilisation for the past 6 months is 100 percent.

Outlook: Stable

Acuité 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	12.10	9.94
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 (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
27-Sep-2018	Bank Guarantee	Short Term	5.00	ACUITE A4 (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BB- / Stable (Assigned)

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

*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 (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00 (enhanced from Rs. 5.00 crore)	ACUITE A4 (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4 (Assigned)
Proposed Bank guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4 (Assigned)

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Ayushi Rathore Analyst - Rating Operations Tel: 022-49294033 ayushi.rathore@acuiteratings.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.