

Press Release

Vandana Trailors and Body Manufacturing Private Limited

D-U-N-S® Number: 67-719-9115

March 29, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE BB-/Stable (Assigned)

* Refer Annexure for details

Rating Rationale

Acuite has assigned the long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) to the Rs.10.00 crore of bank facilities of Vandana Trailors and Body Manufacturing Private Limited (Vandana). The outlook is '**Stable**'.

Established in 2008 by Mr. Trilok Chand Jaiswal and family, Vandana is engaged in manufacturing of Tip Trailor, Tipper Body, Flat Trailor and Box Trailor with the installed capacity of 1200 pieces per annum in the state of Chhattisgarh.

Analytical Approach:

Acuite has taken a standalone view of the business and financial risk profile of Vandana to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

The Directors, Mr. Shambhu Dayal Jaiswal, Mr. Vandana Jaiswal, Mr. Trilok Chand Jaiswal, Mr. Hemant Kumar Jaiswal and Mr. Gopi Jaiswal have more than a decade of experience in the manufacturing of Tip Trailor, Tipper Body, Flat Trailor and Box Trailor.

Moderate scale of operations

The scale of operations of the company stood moderate at Rs.74.02 crore in FY2018 as compared to Rs.51.87 crore in the previous year. The company has booked Rs.91.00 crore as on 28 February, 2019 (Provisional).

Weaknesses

Average financial risk profile

The company has average financial risk profile marked by low net worth of Rs.5.50 crore in FY2018, an increase from Rs.4.37 crore in FY2017, mainly on account of retention of current year profit. The gearing stood moderate at 1.35 times in FY2018 as compared to 0.91 times in the previous year. This deterioration in gearing is due to increase in debt. The total debt of Rs.7.43 crore consists of short term debt of Rs.4.84 crore and long term loan of Rs.2.60 crore from financial institutes.

The interest coverage ratio (ICR) stood comfortable at 4.89 times in FY2018 as compared to 5.82 times in the previous year. The debt service coverage ratio (DSCR) stood comfortable at 2.16 times in FY2018 as compared to 2.89 times in the previous year. Net cash accrual to total debt (NCA/TD) stood comfortable at 0.23 times in FY2018 as compared to 0.38 times in the previous year. Going forward, the financial risk profile is expected to improve backed by steady accruals and no significant debt funded capex plans.

Competitive industry

Vandana operates in a highly competitive automobile components industry characterised by a large number of unorganised and organised players affecting margins.

Liquidity Position

Vandana has adequate liquidity marked by moderate net cash accruals to its maturing debt obligations. The company has generated cash accruals of Rs.1.72 crore in FY2017-18 against its maturing debt obligations of Rs.0.60 crore during the same period. The company's operations are moderately working capital intensive as marked by gross current asset (GCA) days of 73 in FY 2018. This has led to lower reliance on working capital borrowings. The cash credit limit in the company remains utilised at 85-90 percent during the last 6 months period ended February 2018.

Outlook: Stable

Acuite believes Vandana will maintain a 'Stable' outlook over the medium term owing to its promoters' extensive experience, established relations with customers and moderate scale of operations. The outlook may be revised to 'Positive' if the firm registers more than expected revenues while further improving its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the working capital management gets elongated or the financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	74.02	51.87	56.99
EBITDA	Rs. Cr.	2.68	2.16	2.22
PAT	Rs. Cr.	1.13	1.00	1.16
EBITDA Margin	(%)	3.62	4.16	3.89
PAT Margin	(%)	1.53	1.93	2.03
ROCE	(%)	19.85	25.44	77.45
Total Debt/Tangible Net Worth	Times	1.35	0.91	0.44
PBDIT/Interest	Times	4.89	5.82	10.34
Total Debt/PBDIT	Times	2.76	1.83	0.67
Gross Current Assets (Days)	Days	73	105	51

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>
- 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	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.50	ACUITE BB-/Stable (Assigned)
Term Loan I	Not Applicable	Not Applicable	Not Applicable	0.21	ACUITE BB-/Stable (Assigned)
Term Loan II	Not Applicable	Not Applicable	Not Applicable	0.55	ACUITE BB-/Stable (Assigned)
Proposed Long Term	Not Applicable	Not Applicable	Not Applicable	2.74	ACUITE BB-/Stable (Assigned)

Contacts:

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About Acuité Ratings & Research:

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