Press Release

Vaaan Infra Private Lmited

D-U-N-S® Number: 85-969-1089

July 31, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 40.00 Cr.
Long Term Rating	ACUITE BBB / Outlook: Stable
Short Term Rating	ACUITE A3+

** Refer Annexure for details*

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB**' **(read as ACUITE BBB)** and short term rating of **'ACUITE A3+' (read as ACUITE A three plus)** on the Rs. 40.00 crore bank facilities of VAAAN INFRA PRIVATE LMITED. The outlook is **'Stable'**.

Haryana-based, Vaaan Infra Private Limited (VIPL) was incorporated in 2011 by Mr. Aman Kishore and Mrs. Neetu Kishore. The company is engaged in the development of toll management infrastructure, highway traffic management solutions and security systems. Further, VIPL provides services like highway information technology enabled services, smart city solutions, integrated transit systems etc. The company caters to reputed clients like Larsen and toubro limited, Indian Highway Management Corporation limited, Uttar Pradesh Expressways industrial development authority and Reliance Infrastructure Limited to name a few.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Steady growth in operating income and healthy order book position**
  VIPL`s operating income has been growing steadily over the last 3 years marked by the operating income of Rs. 82.51 crore in FY2019 (Provisional) as against Rs. 39.94 crore in FY2017 resulting in a growth of 106.4 per cent. The operating margin (EBITDA) stood at 14.64 per cent in FY2019 (Provisional) as against 11.91 per cent in FY2018 and profit margin (PAT) stood at 8.69 per cent in FY2019 (Provisional) as against 7.45 per cent in FY2018. Further the company has healthy order book position with current orders in hand of Rs. 307.35 crore as on June 2019.

- **Reputed clientele**
  VIPL caters to reputed clients such as Indian Highway Management Corporation limited promoted by NHAI, Uttar Pradesh Expressways Industrial Development Authority, Larson & Turbo Limited, Lanco Infratech Limited and Reliance Infrastructure Limited to name a few.

- **Experienced management**
  VIPL was incorporated in 2011 by Mr. Aman Kishore and Ms. Neetu Kishore who possesses an experience of over two decades in same line of business through their group companies. The extensive experience of the promoters has helped the company to establish long standing relationships with its customers. Acuité believes that VIPL will continue to leverage the promoters'

longstanding relationship with customers to achieve sustainable growth in its operating income.

- **Healthy financial risk profile**

VIPL has healthy financial risk profile marked by moderate net worth, healthy debt to equity ratio and debt-protection metrics. VIPL's net worth stood at Rs. 25.22 crore as on 31 March, 2019 (Provisional) as against Rs.17.74 crore as on 31 March, 2018. The gearing stood low at 0.39 times as on 31 March, 2019 (Provisional) as against 0.75 times in the previous year. The total debt of Rs.9.83 crore majorly includes working capital borrowings of Rs. 4.39 crores and long term borrowings of Rs. 4.05 crore. Interest Coverage Ratio (ICR) stood at 5.89 times for FY2019 (Provisional) as against 6.78 times in the previous year. TOL/TNW stood at 1.98 times as on 31 March, 2019 (Provisional) as against 2.31 times as on 31 March, 2018. NCA/TD (Net Cash Accruals to Total Debt) ratio stood at 0.77 times in FY2019 (Provisional) and 0.45 times in FY2018. Acuité believes that financial risk profile of the company is likely to remain moderate over the medium term on account of moderate net worth and debt protection metrics and that the company's ability to maintain healthy revenue growth in the medium term.

Weaknesses

- **Working capital intensive operations**

VIPL has working capital intensive nature of operations marked by the gross current asset days (GCA) of 199 days in FY2019 (Provisional) as against 200 days in the previous year. The GCA days are mainly dominated by high debtor collection period which stood at 149 days in FY2019 (Provisional) as against 178 days in FY2018. The inventory holding period stands at 16 days for FY2019 (Provisional) as against 12 days in the previous year. Further the creditors stood at 190 days for FY2019 (Provisional).

Liquidity position

VIPL has adequate liquidity marked by healthy net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs. 7.57 crore for FY2019 (Provisional) against debt obligations of Rs. 0.24 crore for the same period. The cash accruals of the company are estimated to remain in the range of around Rs. 8.66 crore to Rs. 10.51 crore during 2020-22 against repayment obligations ranging from Rs. 0.35 crore to Rs. 1.10 crore. The VIPL's working capital operations are intensive marked by gross current asset (GCA) days of 199 days for FY2019 (Provisional). The company maintains cash and bank balances of Rs. 4.69 crore as on 31 March 2019 (Provisional). The current ratio stands at 1.37 times as on 31 March 2019 (Provisional). Acuite believes that the liquidity of VIPL is likely to remain adequate over the medium term on account of healthy cash accruals against no major debt repayments over the medium term.

Outlook: Stable

Acuité believes that VIPL will maintain a 'Stable' outlook over the medium term on the back of its experienced track record of operations. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in its revenue and profitability while improving its liquidity position. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than- expected growth in revenues and profitability or in case of deterioration in the company's financial risk profile or significant elongation in working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	82.51	75.76	39.94
EBITDA	Rs. Cr.	12.08	9.02	4.16
PAT	Rs. Cr.	7.17	5.65	1.93
EBITDA Margin	(%)	14.64	11.91	10.41
PAT Margin	(%)	8.69	7.45	4.84
ROCE	(%)	36.57	34.62	19.45
Total Debt/Tangible Net Worth	Times	0.39	0.75	1.07

PBDIT/Interest	Times	5.89	6.78	3.24
Total Debt/PBDIT	Times	0.79	1.41	2.60
Gross Current Assets (Days)	Days	199	200	225

Status of non-cooperation with previous CRA (if applicable)
Not Applicable

Any other information
Not Applicable

Applicable Criteria

• Default Recognition - https://www.acuite.in/view-rating-criteria-17.htm
• Entities In Services Sector -https://www.acuite.in/view-rating-criteria-8.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	6.00	ACUITE BBB/ Stable (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	16.50	ACUITE A3+ (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A3+ (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A3+ (Assigned)

Contacts

Analytical	Rating Desk
Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in Nikhilesh Pandey Rating Analyst - Rating Operations Tel: 011-4973 1306 nikhilesh.pandey@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.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.