

Press Release

Vaaan Infra Private Limited

December 14, 2021



Rating Upgraded

Product	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr.)	Long Term Rating	Short Term Rating
Bank Loan Ratings	107.50	107.50		ACUITE A2 Upgraded
Bank Loan Ratings	17.50	17.50	ACUITE BBB+ Stable Upgraded	
Total	-	125.00	-	-

Rating Rationale

Acuite has upgraded its long term rating to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) and short term rating from '**ACUITE A3+**' (read as **ACUITE A three plus**) to '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.125.00 crore bank facilities of '**Vaaan Infra Private Limited (VIPL)**'. The outlook is '**Stable**'.

The upgradation of the ratings takes into account significant increase in operating revenue in FY21 (Prov.) despite COVID-19, improved debt-coverage indicators and strong liquidity indicator. The ratings continue to factor in long standing relationship with reputed client, experienced management and comfortable order book. However, the above strengths are underpinned by elongated Gross Current Asset days in FY21.

About the Company

Vaaan Infra Private Limited (VIPL) was incorporated in 2011 by Mr Aman Kishore and Ms Neetu Kishore. VIPL is a Faridabad based company, which is engaged in the development of infrastructure and highway traffic management solution. The company's operational segment involves Toll Management system (TMS), Advance Traffic Management System (ATMS) and Smart city solution. Under TMS & ATMS, it provides equipment for toll maintenance such as IT systems to collect tolls, servers, sensors, security cameras, ticket dispenser, weather monitoring etc. Under smart city solutions, the company provides smart parking solutions, city security and surveillance system, system integration and client support center.

Analytical Approach

Acuite has considered the standalone financial risk profile of the company.

Key Rating Drivers

Strengths

>Experienced management

VIPL has been promoted by Mr. Aman Kishore and Ms. Neetu Kishore. The promoters had over two decades of experience in the toll management industry and thus, such experience had enabled the company to maintain long standing relationship with customer and supplier for almost a decade. The company has been able to achieve healthy scale of operations, on account of back to back execution of orders. The company is currently being managed by Ms. Neetu Kishore and qualified management team down the line. The company has outstanding order book of Rs.166.75 crore as on September 16, 2021 from reputed client such

as PNC Infratech Limited, Larsen & Turbo Ltd, Gawar Construction Limited etc. Acuite believes that the company would continue to benefit from experience of the Directors and long track record of the company.

>Improvement in financial performance during FY21

The company has reported total operating income of Rs. 151.33 crores during FY21 vis-à-vis Rs.100.84 crores, thereby reporting y-o-y growth of 50.07% during the year. The same is on an account of increase in order execution in Tamil Nadu and Uttar Pradesh. The company executed higher amount of orders in Q4FY21 and reported revenue of Rs.35.0 crores in March 2021 alone. In line with increase in income, the operating profit of the company also improved to Rs.18.63 crores in FY21 from Rs.10.60 crores in FY20. The operating margins also improved consequently to 12.31% during the year as against 10.51% in FY20. The net profit of the company increased from Rs.7.50 crore in FY20 to Rs. 12.68 crore in FY21. The same was also backed by decline in depreciation cost. Consequently, net profit margin also increased by 131 bps to 8.38% in FY21. The company has already reported total sales of Rs.76.21 crores in H1 FY22.

>Improvement in financial risk profile

The capital structure of the company as represented by debt-equity ratio improved to 0.28 times as on March 31, 2021 as against 0.52 times as on March 31, 2020, backed by accretion of profit to reserves. The tangible net-worth of the company increased to Rs.44.14 crore as on March 31, 2021 as against Rs.33.22 crore as on March 31, 2020. The interest coverage ratio of the company improved to 7.22 times in FY21 vis-à-vis 5.30 times in FY20, led by increase in Operating profit level in FY21. Similarly, Debt- EBITDA also improved to 0.62 times in FY21 from 1.42 times in FY20. The NCA to Debt improved to 1.05 times in FY21 against 0.43 times in FY20 on account of increase in net cash accruals from Rs. 7.50 crores in FY20 to Rs.12.77 crore in FY21.

Acuite believes that the financial performance of the company is expected to improve going ahead, backed by lower debt levels and accretion of profits to net worth.

Weaknesses

> Elongated working capital days

The Gross Current Asset days (GCA) of the company elongated to 253 days in FY21 as against 195 days in FY20. The same is majorly on an account of increase in outstanding debtors to Rs.89.10 crores as on March 31, 2021 as against Rs.46.54 crore as on March 31, 2020. This is due to higher work order executed during the month of March 2021 and subsequent realization of receivables in April 2021. Consequently, debtors' days also increased to 215 days against 168 days in FY20. As per the management, the company realizes receivables with the mile stones of completion of work (for example:10%-Advance, supply of equipment--30%, Installation-40% and remaining on installation and handover). The percentage of realization of receivables as per milestone varies as per contract. The entire process of supply to handover is usually takes 6-8 months, depending on the work order size. The creditors days also increased to 236 days in FY21 vis-à-vis 162 days in FY20. The inventory days, however remained between 21-26 days in FY20-21. The company has sanctioned cash credit to the tune of Rs.13.50 crores. However, the average utilization remained at lower level at 18% for six months ending June 2021.

ESG Factors Relevant for Rating

Not Applicable

Liquidity-Strong

The net cash accruals of the company remain strong with Net cash accruals of Rs.12.77 crores against debt obligation of Rs.0.46 crore. The company has already prepaid the outstanding ICICI term loan of Rs.3.34 crores. The company is expected to generate net cash accruals of Rs.13.-Rs.15.0 crores during FY22-24. The outstanding cash and bank balance of the company remained at Rs.3.99 crore as on March 31, 2021. The DSCR also improved to 5.67 times during FY21 over 3.90 times in FY20. The current ratio remained at 1.43 times as on March 31, 2021. The working capital utilisation also remained at lower level of 18% for six months ending June 2021.

Rating Sensitivities

- > Further increase in operating income
- > Deterioration in financial risk profile of the company

Material covenants

none

Outlook-stable

The outlook of the company continues to remain stable. The outlook may be revised to positive, if the company achieves more than expected growth in revenue and profitability, commensurating with increase in order book size. The outlook would be revised to negative, if there is decline in financial performance of the company led by reduced order book execution.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	151.33	100.84
PAT	Rs. Cr.	12.68	7.13
PAT Margin	(%)	8.38	7.07
Total Debt/Tangible Net Worth	Times	0.28	0.52
PBDIT/Interest	Times	7.22	5.30

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

Brickworks has placed the rating at Issuer Not Cooperating vide PR dated April 14, 2021

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Oct	Cash Credit	Long Term	7.00	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Bills Discounting	Short Term	9.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	16.50	ACUITE A3+ (Reaffirmed)
	Proposed Bank Facility	Long Term	2.00	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee	Short Term	15.00	ACUITE A3+ (Reaffirmed)

2020	Bank Guarantee	Short Term	19.00	ACUITE A3+ (Reaffirmed)
	Proposed Bank Facility	Short Term	22.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee	Short Term	14.00	ACUITE A3+ (Assigned)
	Secured Overdraft	Long Term	1.50	ACUITE BBB Stable (Assigned)
06 Sep 2019	Bank Guarantee	Short Term	19.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Proposed Bank Facility	Short Term	22.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Proposed Bank Facility	Long Term	4.50	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	15.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	16.50	ACUITE A3+ (Reaffirmed)
31 Jul 2019	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	15.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	16.50	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	2.50	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	20.00	20.00	ACUITE A2 Upgraded (from ACUITE A3+)
Indusind Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	14.00	14.00	ACUITE A2 Upgraded (from ACUITE A3+)
Kotak Mahindra Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	12.00	12.00	ACUITE A2 Upgraded (from ACUITE A3+)
Kotak Mahindra Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	16.50	16.50	ACUITE A2 Upgraded (from ACUITE A3+)
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	19.00	19.00	ACUITE A2 Upgraded (from ACUITE A3+)
HDFC Bank Ltd	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	9.00	9.00	ACUITE A2 Upgraded (from ACUITE A3+)
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	6.00	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Indusind Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	1.00	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
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Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	5.00	BBB+ Stable Upgraded (from ACUITE BBB)
Kotak Mahindra Bank	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	1.50	1.50	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.00	4.00	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	17.00	17.00	ACUITE A2 Upgraded (from ACUITE A3+)

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About Acuité Ratings & Research

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