



Press Release
Vaaan Infra Private Limited
June 05, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	23.23	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	101.77	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	125.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating at '**ACUITE BBB+**' (read as **ACUITE t riple B plus**) and short-term rating at '**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**'.

Rationale for Reaffirmation

The rating has been reaffirmed on the account of steady improvement in the revenue from operations and net margins from past financial years. The rating gets comfort from healthy financial risk profile and strong liquidity profile of the company. However, the rating is constraint from intensive working capital operations of the company.

About the Company

Vaaan Infra Private Limited (VIPL) was incorporated in 2011 being promoted by Mr. Arnav Kishore and Mrs. 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 centre.

Unsupported Rating

Not Applicable

Analytical Approach

The rating team has taken standalone financial and business risk profile of Vaaan Infra Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

VIPL has been promoted by Mr. Arnav Kishore and Mrs. Neetu Kishore. The promoters has over two decades of experience among themselves in the toll management industry and thus, such experience had enabled the company to maintain long standing relationship with customer and supplier for more than 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 Mrs. Neetu Kishore and qualified management team down the line. The company has outstanding order book of Rs. 187.81 crore as on date 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.

Financial risk profile

The company's financial risk profile is healthy marked by net worth, low gearing and strong debt protection metrics. Company's tangible net worth stood at Rs. 75.43 Cr. in FY 23 as against Rs. 57.79 Cr. in FY 22. The company follows conservative leverage policy. Debt to Equity ratio improved by 14 bps and stood at 0.17 times in FY 23 as against 1.31 times in FY 22. The total debt outstanding of the company is Rs. 12.45 Cr. as on 31 March, 2023 which consists of long term bank borrowings (car loans) of Rs. 0.06 crore, short-term working capital limit of Rs. 7.84 crore, current maturities of long term Debt Rs. 0.21 Cr. and Rs. 4.33 Cr. of unsecured loans from directors & other corporates. The debt protection matrix (i.e. DSCR & ISCR) stood at 9.88 & 15.68 times in FY 23 against 7.78 & 12.49 times in FY 22 respectively.

Weaknesses

Intensive Working capital Operations

The company's operations are working capital intensive marked by GCA days of 291 in FY 2023 as against 273 days in FY 22. Elongated GCA days is a result of increased debtors. Debtors have increased year on year from Rs. 92.79 Cr. in FY 22 to Rs. 105.45 Cr. in FY 23. Debtor days has increased from 216 days in FY 22 to 239 days in FY 23. Currently, the company has debtors worth Rs. 35.92 Cr. for more than six months as on date. 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).

Rating Sensitivities

- Increase in scale of operations with improvement in profitability margins.
- Improvement in working capital operations
- Improving GCA days and debtor days.

Liquidity Position

Strong

The company has strong liquidity marked by net cash accruals to its maturing debt obligations, current ratio, cash and bank balance. The company generated the net cash accruals of Rs. 18.42 Cr. for FY 23 as against the debt repayment obligations of Rs. 0.32 Cr. The current ratio of the company stood at 1.77 times as on 31 March 2023 as against 1.50 times in the previous year. Cash and Bank Balances of company stood at Rs. 2.84 crore. The liquidity of the company is expected to improve as company is expecting to generate net cash accruals of Rs. 20 – 25 Cr. in next medium term indicating availability of funds for any future endeavours. The average utilization for fund-based limits for last 12 months ended March 2024 is 59.38%.

Outlook - Stable

Acuité believes that VIPL will maintain a 'Stable' outlook and benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the company reports higher than expected revenues and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of decline in the revenue from operations & margins of the company putting pressure on liquidity and leverage position.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	162.05	156.49
PAT	Rs. Cr.	17.64	14.38
PAT Margin	(%)	10.88	9.19
Total Debt/Tangible Net Worth	Times	0.17	0.31
PBDIT/Interest	Times	15.68	12.49

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

Not Applicable.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Mar 2023	Bank Guarantee (BLR)	Short Term	16.50	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	19.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	14.00	ACUITE A2 (Reaffirmed)
	Bills Discounting	Short Term	9.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	17.00	ACUITE A2 (Reaffirmed)
	Secured Overdraft	Long Term	1.50	ACUITE BBB+ Stable (Reaffirmed)
14 Dec 2021	Bank Guarantee/Letter of Guarantee	Short Term	20.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee/Letter of Guarantee	Short Term	16.50	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee/Letter of Guarantee	Short Term	14.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee/Letter of Guarantee	Short Term	19.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bills Discounting	Short Term	9.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	1.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	6.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Proposed Short Term Bank Facility	Short Term	17.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Secured Overdraft	Long Term	1.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	19.00	ACUITE A2 Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A2 Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	16.50	ACUITE A2 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A2 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A2 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.00	ACUITE A2 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.00	ACUITE BBB+ Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.27	ACUITE A2 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB+ Stable Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.90	ACUITE BBB+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	07 Aug 2020	Not avl. / Not appl.	07 Jul 2024	Simple	1.33	ACUITE BBB+ Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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