

Innovision Limited

September 25, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	76.38 (Enhanced from 27.00)	CARE BBB-; Positive	Reaffirmed
Long Term / Short Term Bank Facilities	46.50 (Enhanced from 15.00)	CARE BBB-; Positive / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Innovision Limited (IL) factors in steady growth in operational performance during FY24 (refers to the period from April 01 to March 31) driven by sequential increase in revenue from toll road projects on account of new toll collection projects awarded by NHAI (National Highway Authority of India – rated CARE AAA; Stable). The ratings, further continue to derive comfort from experienced promoters coupled with long track record of operations, PAN India presence with diversified clientele, diversified revenue stream and backward integration for skill business. The ratings, however, constrained by stretched and overdue receivables, dependence on availability of requisite manpower and competition from organized and unorganized players.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent improvement in scale of operations as marked by total operating income of above Rs.500.00 crore on sustained basis.
- Improvement in profitability margin as marked by PBILDT margin above 5.50% respectively.
- Improvement in debt coverage indicators as marked by interest coverage ratio of above 5.50x.

Negative factors

- Any significant deterioration in the capital structure of the company as marked by overall gearing ratio of above 1.50x.
- Decline in scale of operations by more than 20% from envisaged level and decline in profitability margins as marked by PBILDT and PAT margin below 5.00% and 2.00% respectively on sustained basis.
- Inordinate delays in the timely realization of its long pending receivables.

Analytical approach: Standalone

Outlook: Positive

The Positive outlook has been continued with an expectation of consistent improvement in the operational performance on the back of contribution from newly awarded toll collection projects and improvement in capital structure. The outlook, however, may be revised to 'Stable' if the company is unable to ramp up the scale as envisaged or there is a sizable decline in IL's profitability or any adverse impact on its capital structure and debt coverage indicators due to large size acquisition/capex.

Detailed description of key rating drivers:

Key strengths

Improvement in operating performance during FY24 and Q1FY25: In FY24, the company's total operating income (TOI) surged to Rs.510.33 crore, doubling from Rs.255.54 crore in FY23. This growth was primarily driven by increased revenue from toll road projects from ~Rs.33 crore in FY23 to ~Rs.241 crore in FY24 and the addition of new clients for security services such as Flipkart, CISR, Myntra, Baba Faridkot, MP Vidhyut etc. The revenue boost from toll collection was contributed by new projects awarded at Lacchiwala (Uttarakhand) in September 2023, Nazirakhat (Assam) in November 2023, and Sarsawa (Uttar Pradesh) in December 2023.

Q1FY25 (refers to the period from April 01 to June 30): the company has achieved TOI of ~Rs.198.67 crore and projected to achieve the TOI ~Rs.750 crore in the current fiscal.

Moderate profitability margins: In the toll collection project, the company is obligated to pay fixed commitment charges to NHAI. If toll collection revenue falls below the commitment level, the company must cover the shortfall from its own resources, resultantly toll collection fetches the lower margins. Moreover, awarding of a new toll collection project leading to increase the toll commitment charges.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Consequently, the company experienced a slight dip in PBILDT margin by 195 to 3.25% in FY24 (PY: 5.20%) primarily due to the increase the toll commitment charges from Rs.31.55 crore (12.34% of total TOI) in FY23 to Rs.225.38 crore (44.16% of total TOI). Further, in line with PBILDT margin, PAT margin also dipped by 99 bps to 2.22% in FY24 (PY: 3.21%) although this was partially offset by skill development segment as it's fetches better margins as compared to other business segments.

Moderate capital structure and debt coverage indicators: The company's net worth base stood at Rs.50.66 crore as on March 31, 2024 as against the total debt position of Rs.48.85 crore as on March 31, 2024. Therefore, the capital structure though slightly moderated yet remain comfortable as marked by overall gearing of 0.96x as on March 31, 2024 (0.87x as on March 31, 2023). The slight moderation is on account of higher utilization of working capital limits and increase in unsecured loans. Due to the same the total debt to GCA also moderated to 4.15x in FY24 (PY: 4.02x). Further, the company has group company investments of Rs.0.02 crore as on March 31, 2024 leading to adjusted gearing (post adjustment of group company investments) stands at 0.96x as on March 31, 2024 (PY: 0.87x).

Further, the debt coverage indicators of the company continue to remain moderate as marked by interest coverage ratio of 3.03x in FY24 (PY: 3.37x) due to increase in finance cost.

Experienced promoters coupled with long track record of operations: IL was incorporated in 2007 and has been in service industry for more than one and a half decade. The company is currently being managed by Mr. Randeep Hundal, Mr. Uday Pal Singh and Mr. Gural Singh. All of them are postgraduates having experience of more than a decade in the manpower industry through their association with IL. Further, they are also assisted by a team of qualified managerial personnel and a technical team having considerable experience in the industry. These long-standing promoters experience and expertise in the industry has enabled the company to establish healthy relationship with its customers.

CARE Ratings also takes cognizance of draft red herring prospectus (DRHP) filed by the company with the capital markets regulator to raise Rs.315 crore through an Initial Public Offering (IPO). This will involve issuing new shares and an offer for sale of 11,81,250 existing equity shares held by the current shareholder. Details such as the issue price, lot size, bid price etc are yet to be finalized.

PAN India presence with diversified clientele: The company has PAN India presence with 50 branches, serving a vast clientele of 500 customers and deploying ~15,000 employees across the country. The company is having a diversified customer base from various sectors including retail, IT/BPO's, event management, healthcare, infrastructure, IT, banking and hospitality. The entity is catering to a diversified set of customers, who poses respectable position in the industry, which reduces the counter party risk for the company to a large extent.

Diversified revenue stream and backward integration for skill business: The company has 3 verticals named as security services, toll collection and skill development services. Being diversified business profile, the company does not have dependence on any single revenue source, which in turn extends stability to their financial position. The company requires huge manpower for its security division, which are being met by the skills development business. As under the skills development programme, the company has responsibility of providing placement to the trained candidates under Pradhan Mantri Kaushal Vikas Yojana, PM Sankalp, PM Daksh etc., which are in turn absorbed by its security division. This enables the company to earn income on the training of the manpower and also provide ready skilled workforce for its security division.

Key weaknesses

Delay in realization of receivables: Total receivables increased from Rs.56.13 crore as on March 31, 2023 to Rs.62.83 crore as on March 31, 2024. However, debtors more than 180 days stood at Rs.16.03 crore as on March 31, 2024 as against Rs.16.22 crore as on March 31, 2023. However, despite of high receivable period, no bad debts or provisions have been made in the past and the company expects to receive payments from these debtors primarily government departments in timely manner. The recovery of these overdue receivables remains a key monitorable.

Dependence on availability of requisite manpower: The company's services are totally dependent on availability of the requisite manpower. The industry is always facing high attrition and staffing of sufficient manpower remains a key challenge. Further, the manpower and staffing services provided by "Innovision Limited" are labour intensive in nature. The company had a total workforce of ~15,000 employees. The ability of the company to scale up its operations is thus dependent upon availability and retention of requisite manpower. Any challenges with regards to availability of workforce may constrain the relationship with the client and also impact its revenue and profitability.

Competition from organized and unorganized players: The Indian security service industry comprises of few organized players and large number of unorganized players. Though, the gap between the pricing of organized and unorganized

players remains a key challenge for the industry, large corporates are increasingly preferring reputed and organized security solutions provider. With the increasing number of domestic and foreign security agencies operating in the country, the Government of India (GoI) felt the need for regulating the industry and passed 'Private Security Agencies Regulation Act' (PSARA) in 2005. With presence of various players, IL has limited bargaining power which exerts pressure on its margins. Further, its margins are also dependent on the scalability of revenue generation from skills development.

Liquidity: Adequate

The liquidity of company remains continue to remain adequate as characterized by sufficient cushion in accruals as marked by projected gross cash accruals of Rs.23.14 crore in FY25 vis-à-vis debt repayment of around Rs.5.18 crore in FY25. Further, company's liquidity profile is also supported by free cash and bank balances of Rs.4.20 crore as on March 31, 2024 (PY: Rs.0.88 crore) and above unity quick ratio of 1.34x in FY24 (PY: 1.60x). Average utilization of the working capital borrowings stood ~90% for the trailing 12 months ended August 2024.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Other Consumer Services

Gurugram, Haryana based Innovision Limited (IL) was incorporated in January, 2007. The company is currently being managed by Mr. Randeep Hundal, Mr. Uday Pal Singh and Mr. Gural Singh. The company provides security services (manned and electronic), facilities management (technical and non- technical), manpower sourcing and HR solutions, skills development services and toll collection. The company has its presence through more than 50 offices all over India and ~15,000 employees are deployed across the country catering to more than 500 clients and the employees are on the payroll of the company. The company provides skill development training programmes to youth for government agencies such as National Skill Development Corporation (NSDC) and Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY). Post training, the manpower is placed in-house which helps the company to meet its workforce requirements. Moreover, it is also engaged in toll collection on contractual based (under the toll road allotted by tender process by NHAI).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (UA)
Total operating income	255.54	510.33	198.67
PBILDT	13.29	16.58	12.59
PAT	8.20	11.32	7.59
Overall gearing (times)	0.87	0.96	1.03
Interest coverage (times)	3.37	3.03	6.26

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	75.00	CARE BBB-; Positive
Fund-based - LT-Term Loan	-	-	-	December, 2026	1.38	CARE BBB-; Positive
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	41.50	CARE BBB-; Positive / CARE A3
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	5.00	CARE BBB-; Positive / CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	75.00	CARE BBB-; Positive	-	1)CARE BBB-; Positive (03-Oct-23)	1)CARE BBB-; Stable (07-Oct-22)	1)CARE BBB-; Stable (25-Nov-21) 2)CARE BBB-; Stable (05-Apr-21)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	41.50	CARE BBB-; Positive / CARE A3	-	1)CARE BBB-; Positive / CARE A3 (03-Oct-23)	1)CARE A3 (07-Oct-22)	1)CARE A3 (25-Nov-21) 2)CARE A3 (05-Apr-21)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.00	CARE BBB-; Positive / CARE A3	-	1)CARE BBB-; Positive / CARE A3 (03-Oct-23)	1)CARE BBB-; Stable / CARE A3 (07-Oct-22)	1)CARE BBB-; Stable / CARE A3 (25-Nov-21) 2)CARE BBB-; Stable / CARE A3 (05-Apr-21)
4	Fund-based - LT-Term Loan	LT	1.38	CARE BBB-; Positive	-	1)CARE BBB-; Positive (03-Oct-23)	1)CARE BBB-; Stable (07-Oct-22)	1)CARE BBB-; Stable (25-Nov-21)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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