CareEdge RATINGS

Vista Information Systems Private Limited

February 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	17.90	CARE BBB+; Stable / CARE A3+	Reaffirmed
Short Term Bank Facilities	2.10	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has considered a combined view on the Vista Information Systems Private Limited (VIPL) and Design and Manufacturing Vista Electronics Private Limited (DMPL) (together known as Vista Group).

The ratings assigned to the bank facilities of group derives strength from sustenance in scale of operations, healthy profitability margins and strong capital structure backed by sufficient liquidity position.

The ratings also derive strength from the experienced & resourceful promoters and reputed clientele. The ratings, however, continue to remain constrained by the high reliance of revenue on few major orders, customer concentration risk and business risk associated with request for proposal (RfP) based orders.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Any substantial growth in the total operating income along with PBILDT margin of the group above 30% on sustained basis.
- Improvement in the free cash and bank balance above Rs.175 crore.

Negative factors

- Any significant decline in the total operating income of the group by 15% or more on sustained basis.
- Any significant decline in the free Cash and bank balance (including FDs, bonds and Mutual funds) going below Rs.80 crore.
- Any significant increase in overall collections days beyond 120 days on a sustained basis

Analytical approach: Combined

Combined, the financial and business risk profiles of Vista Information Systems Private Limited (VISPL) and Design and Manufacturing Vista Electronics Private Limited (DMPL) have been combined since both the entities are engaged in a similar line of business, have operational and strategic linkages, common promoters and common management personnel.

Outlook: Stable

The "Stable" outlook reflects CARE's expectation that the group is likely to benefit from extensive experience of promoters and its established relationship with the customers/suppliers.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoters:

VISPL is promoted by Mr. Vivek Agarwal. Vivek Agarwal is an entrepreneur and has done IT business across the globe and has considerable experience of more than three decades in the IT sector. The promoter is well supported by an experienced and well-qualified management and technical team.

Moderate scale of operations and healthy profitability margins:

Vista Group (VG) has growing scale of operations with CAGR of 33.97% in last 5 years ending FY24 (refer period from April 01 to March 31), however during FY24, the total income of the group moderated slightly by 5% and remain at Rs.227.20 crore (P.Y.: Rs.240.20 crore). The moderation was primarily driven by disruptions in Q4FY24 due to the election campaigns and code of

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

conduct implemented during the period. During that period, several government-related orders were delayed as a result of the focus on election activities, which caused a slowdown in project execution.
GCA of the group though moderated, however stood healthy in FY24, at Rs.66.37 crore as against Rs.72.75 crore in FY23. During 9MFY25, the company reported TOI of Rs.112.77 crore with GCA of Rs.28.56 crore.
The profitability margins of the group remained healthy however slightly moderated as reflected through PBILDT and PAT margins of 32.75% and 28.77% respectively in FY24 as against 36.6% and 29.90% respectively in FY23. The moderation in the margins was largely on account of increase in raw material expenses like machines and technical parts etc. incurred by the group and disruption in order flows, which were caused by difficulties encountered in key complex projects.

Growing order book position:
As on January 08, 2025, Vista Group (VG) has unexecuted order book position of ~Rs.400 crore which is largely to be executed in FY25 which is 1.76x of FY24 TOI. Moreover, group has also participated in various bids targeting various up-coming projects for Indian Railways, Metros and Defence among others, which will be majorly executed in FY26 & FY27. Moreover, some of these projects are extension of previously completed projects for additional routes of Indian Railways.

Reputed Clientele:
Over the years, Vista Group has established good relations with its various reputed customers which has helped them to generate repeat orders and enable them to acquire new business opportunities in various technological fields. VG has offered high quality services/ products which has led to repeat business from key customers. Comfort can be derived as there is lower counter party risk since majority of its customers are large institutions and government organizations and have good credit profile.

Comfortable capital structure with adequate liquidity with sufficient cash margins
The capital structure of the group stood comfortable as reflected from nil debt equity ratio and overall gearing in last two financial years. There is no term debt taken by the both entities i.e. VISPL and DMPL, to support the operations and only uses bank guarantees limits, which are also majorly backed by fixed deposit (margin requirement of 30% of FDR). However, adjusted overall gearing of the company stood at 0.67x in FY24 due to corporate guarantee given by the group for debt availed in subsidiary named Vista Telecommunication Private Limited.
Further, the interest coverage indicator stood comfortable at 112.37x (PY: 221.51x) as there was no major interest cost incurred by the group as against healthy profitability during FY24.
VG has efficient working capital management as reflected by 47 days operating cycle mainly on account of credit period received by the group from its suppliers of around 2-3 months as against collection days of ~3-4 months. Due to the profitable operations, and lower working capital requirement, the liquidity position remain strong backed by sufficient free cash and cash equivalent. The company mainly relies on non-fund-based limits to procure material from its suppliers and doesn’t have any reliance on fund based working capital limits.

Key weaknesses

High reliance of revenue on few major orders:
The top 5 orders of the Vista group accounted for more than 90% of the total unexecuted order book, exposing the group to customer concentration risk however same is mitigated as the major revenue contributors of the group are well-established players and government entities and large private sector companies. Any adverse changes, such as reduced spending, may significantly impact the company's revenues.
However, the company plays a vital role in providing technology and maintaining infrastructure to ensure the seamless operations of Indian Railways and Metros etc.
Further, Vista Group has diversified its product offerings, targeting sectors such as semi-high-speed rail systems, high-speed rail projects, and defence organizations like the Army, Navy, Coast Guard, CRPF, BSF, and oil companies among others to diversify its business profile.

Business risk associated with Request For Proposal (RFP) based orders:
Business risks associated with RFP-based orders include intense competition, as multiple companies may bid for them, and it may lead to volatility in profitability margins. Additionally, winning an order doesn't guarantee project success, as execution challenges, cost overruns, or delays may arise. Unpredictable market conditions, fluctuating material costs, and changing client requirements pose uncertainties.
Nevertheless, these risks are alleviated by the promoter’s nearly three decades of industry experience and the relatively small number of competitors in the specific fields, which strengthens the company’s ability to manage challenges and maintain a competitive edge.

Liquidity: Adequate

The Vista Group has adequate liquidity as reflected through healthy cash accruals generated from the business as against nil repayment due in FY25 (including nil repayment obligation of guaranteed debt availed in VTPL). Further, group has sufficient cash and bank balance including liquid investments in mutual funds, FDs, Bonds etc. amounting Rs.140.37 crore (excluding lien marked FDs and bonds of Rs. 24.86 crore) as on March 31, 2024 and Rs. 112.89 crore (excluding lien marked FDs and bonds of Rs.10.99 crore) as on Dec 31, 2024 in order to meet the near-term working capital requirement. The group has invested Rs.112.28 crore in the other group concern (Vista Telecommunication Private Limited) for acquiring an asset during FY25.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Telecommunication	Telecommunication	Telecom - Services	Telecom - Infrastructure

Vista Information Systems Private Limited (VISPL) is a private company incorporated on March 7, 2006. Vista group started operations in 2012, when Mr Vivek Agarwal bought the GSM-R business of Nortel Technologies in India from Nortel Inc. Vista Group (VG) started manufacturing various blocks of the GSM-R system in India in accordance with the Make in India policy of the Government of India.

The Vista Group is also a market leader in the Diagnostics of Rail and Metros. It has bagged orders for the most sophisticated equipment ever bought by Indian Railways and Indian Metros. Imbibing these technologies helps Indian Railways and Indian Metros operate efficiently and maintain their infrastructure. Vista operates with 14+ novel technologies and operations in 6 eminent market segments i.e. railways telecom networks, statewide rural broadband network, railway diagnostics, oil & gas, broadband networks, metros and defence etc.

Standalone:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	126.83	175.34	55.18
PBILDT	18.52	16.52	2.72
PAT	13.13	13.77	1.72
Overall gearing (times)	0.03	0.00	NA
Interest coverage (times)	67.15	52.91	NA

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Combined:

Brief Financials (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)	9MFY25 (UA)
Total operating income	240.2	227.20	112.77
PBILDT	87.91	74.41	34.68
PAT	71.82	65.36	27.94
Overall gearing (times)	0.00	0.00*	NA
Interest coverage (times)	221.51	112.37	NA

UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

*Adjusted Overall gearing considering corporate Guarantee is 0.67x.

Basis of combination: The numbers have been combined through row-by-row addition of all line items of all the entities mentioned under Analytical approach after excluding intra-group sales, purchases, investments and loans and advances etc.

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 - ST-Bank Overdraft		-	-	-	2.10	CARE A3+
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	17.90	CARE BBB+; Stable / 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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	17.90	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+ (02-Feb-24)	1)CARE BBB; Stable / CARE A3 (20-Jan-23)	-
2	Fund-based - ST-Bank Overdraft	ST	2.10	CARE A3+	-	1)CARE A3+ (02-Feb-24)	1)CARE A3 (20-Jan-23)	-

ST: Short 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 - ST-Bank Overdraft	Simple
2	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.

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About us:
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