NOVEMBER 10, 2016

CARE REAFFIRMS RATINGS TO THE BANK FACILITIES OF VAKRANGEE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities – Fund-based	400.00 (reduced from 591.00)	CARE BBB (Triple B)	Reaffirmed
Short-term Bank Facilities – Non-fund-based	110.90 (reduced from 159.00)	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	**510.90 (Rupees Five Hundred and Ten Crore and Ninety Lakh Only)**		

Rating Rationale

The ratings assigned to the bank facilities of Vakrangee Limited (Vakrangee) continues to take into account experienced promoter supported by strong management team. The ratings also continues to consider the company's established track record of executing large orders of e-governance projects coupled with increasing diversification towards e-retail business. Furthermore, the ratings also take into account strong revenue growth along with stable margins, comfortable capital structure and improved liquidity position.

However, the rating strengths are constrained by the company's dependence on tender based government projects, evolving stage of e-retail business with dependency on franchisee model, long working capital cycle.

Going forward, the ability of the company to increase its scale of operation along with improvement in working capital cycle is the key rating sensitivity.

Background

Vakrangee Limited (Vakrangee), incorporated in 1990 is Capability Maturity Model Integration (CMMI) level 3 company. The company is an established player as systems integrator and IT enabled solutions provider in the Indian e-Governance space with capabilities including Document Management system (DMS) and Printing Management system (PMS). Under PMS, Vakrangee provides variable colour data printing and other services. DMS involves inbound scanning, digitization and document life cycle management. The company has been associated with various mission mode projects under the National e-Governance Plan of India (NEGP) including Unique Identification Project (UID), Sarva Siksha Abhiyan (SSA), Public Distribution System (PDS), Rashtriya Swasthya Bima Yojana (RSBY). The company also operates Vakrangee Kendras where the company provides integrated service including e-governance programme, Banking, Financial services and Insurance (BFSI), e-commerce services to citizen of India. As on shareholding pattern of June 30, 2015, the company has equity investments from key institutional investors including LIC (7.07%) and Janus Overseas Fund (1.52%).

During FY16 (refers to the period April 1 to March 31), Vakrangee reported PAT of Rs.394.75 crore on a total operating income of Rs.3194.88 crore.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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****For detailedRationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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