

Rating Rationale

Versatile Card Technology Private Limited

17th July 2017

Brickwork Ratings reaffirms the rating for the Bank Loan Facilities of Versatile Card Technology Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous March 2016	Present
<u>Fund Based</u>					
Cash Credit	9.00	12.00	Long Term	BWR BB+ Outlook: Stable	Reaffirmed at BWR BB+ Outlook: Stable (Pronounced as BWR Double B plus)
Term Loans-Existing	7.11	3.65			
Term Loan - Fresh	-	4.39			
<u>Non-Fund Based</u>					
FLC/ILC/BG for STTC/FBG	5.00	5.00	Short Term	BWR A4+	BWR A4+ (Pronounced as BWR A four plus)
Total	21.11	Rs.25.04 Crores (Rupees Twenty Five Crores and Four Lakhs only)			

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, provisional financials of FY17 and projected financials of FY18, publicly available information and information/clarifications provided by the company.

The ratings reaffirmation draws strength from the experienced management, reputed client base, improvement in gearing levels, consistent revenue growth and accreditation from VISA



and MASTERCARD International in India. However, the rating is constrained by the low operating and net profit margins and intense competition from similar players in the market. Going forward, ability of the company to improve its profitability margins, manage its working capital efficiently, and reduce the receivables level, will remain key rating sensitivities.

Rating Outlook: Stable

BWR believes that Versatile Card Technology Private Limited's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Versatile Card Technology Private Limited (VCT) was incorporated in 2000 has a manufacturing unit located at SIDCO Industrial estate, Thirumudivakkam, Chennai with a production capacity of 400 million cards per year. The company is engaged in manufacturing plastic cards which are used in Banking, Telecom, Smart cards, Identification and other applications. Most orders are procured by participating in tenders. VCT manufactures, personalises and markets Credit cards, Debit Cards, Chip cards offered by banks. VCT's Client list includes the major banks and telecom companies in Asia, Middle East, Africa and Europe.

Management Profile

Mr. G. Raja Ram, Ms. R Renugadevi and Mr. Pethi T Sarguru are the main promoters. Ms Renugadevi holds ~76 % shares, while AKVF trust and ARVF trusts holds 12% shares each of the total equity. The company's day-to-day operations are managed by Mr. Pethi T. Sarguru and other qualified professionals. There are a couple of group concerns engaged in other business lines.

Company Financial Performance

VCTPL has reported a profit after tax (PAT) of Rs.0.85 crs. on Net Sales of Rs.64.63crs. for FY 16 as against profit after tax (PAT) of Rs. 3.26 crs. on Net Sales of Rs.61.65 crs. for FY15. As confirmed by the company, they have achieved sales of Rs.66.69 crs in FY17 and Tangible Networth as on 31.03.17 is Rs.39.42 crs.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	March 10, 2016	2015	2014
1	Cash Credit	Long Term	12.00	BWR BB+ (Outlook: Stable)	BWR BB+ (Outlook: Stable)	NIL	NIL
2	Term Loans-Existing	Long Term	3.65*				
3	Term Loan - Fresh	Long Term	4.39				
4	FLC/ILC/BG for STTC/FBG	Short Term	5.00	BWR A4+	BWR A4+		

*Term loans o/s as on 29.06.17

Status of non-cooperation with previous CRA (if applicable) –Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<Vipula Sharma> <Deputy General Manager – Ratings >	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.