April 01, 2025

Voyants Solutions Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based – Working capital facilities	3.00	6.00	[ICRA]BBB(Stable); reaffirmed
Long-term/ Short-term – Non-fund based – Bank guarantee	30.00	49.00	[ICRA]BBB(Stable)/ [ICRA]A3+; reaffirmed
Unallocated limits	72.00	50.00	[ICRA]BBB(Stable)/[ICRA]A3+; reaffirmed
Total	**105.00**	**105.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings reaffirmation factors in the healthy order book position of Voyants Solutions Private Limited (VSPL) of ~Rs. 644.0 crore as on December 31, 2024, which is expected to support the revenue profile in the medium term, post 25% jump of revenues to Rs. 189.1 crore in FY2024. VSPL's financial risk profile remains comfortable, characterised by low leverage with estimated TOL/TNW of less than 1 times and expected interest coverage of more than 8.0 times in the near term, on account of low debt levels. The ratings also consider the company's established track record in providing engineering consulting services across various sectors, including railways, roads and bridges, architecture and project management, water and sanitation, among others.

The ratings are, however, constrained by working capital-intensive nature of business, with the same at 21% in FY2024, due to high debtor days. The debtor days are high at 97 in FY2024 owing to elongated payment cycle in design contracts, which accounted for 20% of FY2024 revenues. Although 49% of the outstanding debtors as on December 31, 2024, are more than 180 days, the risk of bad debts is low with majority of the receivables from Government departments. VSPL also required to provide performance security in the form of bank guarantees (BG) for order addition and execution. With increase in cash margin requirements for non-fund based limits, the encumbered cash and bank balances increased significantly to Rs. 27.2 crore as on December 31, 2024, from Rs.12.1 crore as on March 31, 2023, constraining its free cash position. Given this, the company's ability to secure enhancement in its working capital limits at favourable terms will be crucial to support its operations and remains a key rating monitorable. Further, the company faces stiff competition from other established consultants as well as boutique firms limiting the pricing flexibility as reflected in the moderate operating margins of 11.1% in FY2024. ICRA notes the employee-intensive nature of the consulting business, and the challenges associated with the retention of key personnel.

The Stable outlook on the long-term rating reflects ICRA's expectations that the revenue growth will sustain, supported by healthy order book position and execution.

Key rating drivers and their description

Credit strengths

Healthy order book provides medium-term revenue visibility – The order book position is healthy at Rs. 644.0 crore as on December 31, 2024 (3.4 times of the FY2024 operating income), providing medium-term revenue visibility. The order addition reduced to Rs.116.9 crore for 9M FY2025 compared to more than Rs. 200 crore in the past two years owing to muted awarding, given the General Elections in Q1 FY2025. Further, the revenues increased to Rs. 189.1 crore in FY2024 from Rs. 151.1 crore in FY2023 and is expected to increase to more than Rs. 200.0 crore in FY2025, supported by healthy order execution. Moreover, VSPL's order book is geographically diversified across multiple states in India.

Low leverage and comfortable debt coverage metrics – The total debt includes unsecured loans of Rs. 6.1 crore, working capital borrowings of Rs. 1.1 crore and vehicle loans of Rs. 0.1 crore as on September 30, 2024. The TOL/TNW stood healthy at 0.6 times as on September 30, 2024 and is expected to remain less than 1 times owing to low debt levels. The interest coverage is comfortable at 9.5 times in H1 FY2025 and is expected to remain above 8.0 times in the medium term, owing to low interest expenses.

Established track record in consulting business – VSPL has a record of more than 20 years in the consulting business and has provided engineering consulting services for reputed clients across various sectors. The revenue profile is diversified with roads and bridges (19.2% of FY2024 revenues), architecture and project management (17.8%), railways (16.4%), energy (10.1%), as well as water and sanitation (12.9%). The order book is diversified across 10 segments, which is expected to support the revenue diversification profile.

Credit challenges

High receivable cycle and cash margins to constrain improvement in liquidity position – The working capital intensity of the company stood at 21% in FY2024 due to high debtor days. The debtor days were high at 97 in FY2024 owing to an elongated payment cycle in design contracts, which accounted for 20% of FY2024 revenues. Although 49% of the outstanding debtors as on December 31, 2024 are more than 180 days, the risk of bad debts is low with majority of the receivables from Government departments.

VSPL is required to provide performance security in the form of bank guarantees (BG) for order addition and execution. With the increase in cash margin requirements for non-fund based limits, the encumbered cash and bank balances increased to Rs. 27.2 crore as on December 31, 2024, from Rs. 12.1 crore as on March 31, 2023, constraining its liquidity position. Given this, the company's ability to secure enhancement in its working capital limits at favourable terms will be crucial to support its operations and remains a key rating monitorable.

Employee-intensive nature of business with high attrition – The retention of key management personnel and employees remains critical, given the high training spends and human resource-intensive operations. Further, the company's ability to retain critical talent is crucial for maintaining its competitive position, as the projects are awarded based on the technical expertise of key personnel. Although the attrition rate was high at 32% in 9M FY2025, the majority of this is at junior level (less than three years of experience) as per the management and has not impacted its operations.

Competition from established local, multinational and boutique firms – The company faces competition from several consulting companies, including Aarvee Associates Engineers & Consultants Private Limited (rated [ICRA]A+ (Stable)/A1), Consulting Engineering Group Limited, RITES Limited, Louis Berger, Lea Associates South Asia ([ICRA]A+(Stable)/[ICRA]A1+), Renard Consultancy Limited, Intercontinental Consultants and Technocrats (ICT), and L.N. Malviya Infra Projects Pvt. Ltd., among others, which limits the pricing flexibility.

Liquidity position: Adequate

The company's liquidity position is adequate, with free cash balance of Rs. 5.6 crore as on December 31, 2024, and average utilisation of 56.2% in the fund-based limits for the last twelve-month period that ended in December 2024. Further, it has low debt repayment obligations, which can be comfortably met through its estimated cash flow from operations. It also has low capex plans in the medium term, which will support its liquidity position.

Rating sensitivities

Positive factors – The ratings are likely to be upgraded, if the company demonstrates a scale up in revenues, while improving the profitability margins on a sustained basis. Further, improvement in liquidity position led by a meaningful reduction in the receivable cycle would support a rating upgrade.

Negative factors – Pressure on the ratings could emerge, if a significant decline in the revenue and profitability, or any elongation in working capital cycle weakens the company's liquidity position. Further, any delay in securing adequate enhancement in working capital limits impacting the order book addition or execution will be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology]
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial statements

About the company

Voyants Solutions Private Limited (VSPL) is a multi-disciplinary infrastructure consultancy services firm with its corporate office in Gurugram. VSPL provides end-to-end, integrated infrastructure solutions across all major sectors, viz., transportation, roads, bridges (TRB), architecture and project management, railways infrastructure division, infrastructure planning and design, energy, ports and marine, water sanitation division, environment management services.

Key financial indicators (audited)

	FY2023	FY2024
Operating income	151.4	189.1
PAT	12.1	15.3
OPBDIT/OI	10.7%	11.6%
PAT/OI	8.0%	8.1%
Total outside liabilities/Tangible net worth (times)	0.6	0.6
Total debt/OPBDIT (times)	0.0	0.2
Interest coverage (times)	13.3	12.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	April 01, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-term	6.00	[ICRA]BBB (Stable)	Feb 13, 2024	[ICRA]BBB (Stable)	Nov 29, 2022	[ICRA]BBB (Stable)	Oct 13, 2021	[ICRA]BBB (Stable)
Bank guarantee	Short-term	-	-	-	-	Nov 29, 2022	[ICRA]A3+	Oct 13, 2021	[ICRA]A3+
Bank guarantee	Long-term and short-term	49.00	[ICRA]BBB (Stable)/ [ICRA]A3+	Feb 13, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+		-	-	-
Unallocated limits	Long-term and short-term	50.00	[ICRA]BBB (Stable)/ [ICRA]A3+	Feb 13, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	Nov 29, 2022	[ICRA]BBB (Stable)/ [ICRA]A3+	Oct 13, 2021	[ICRA]BBB (Stable)/ [ICRA]A3+

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit	Simple
Bank guarantee	Very Simple
Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Cash credit**	NA	NA	NA	6.00	[ICRA]BBB(Stable)
NA	**Bank guarantee**	NA	NA	NA	49.00	[ICRA]BBB(Stable)/[ICRA]A3+
NA	**Unallocated limits**	NA	NA	NA	50.00	[ICRA]BBB(Stable)/[ICRA]A3+

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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