



## Press Release

**Vaishno Associates Vidyut Projects LLP**

**August 03, 2023**

### Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	5.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	57.50	IVR A3 (IVR A Three)	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>Rs.62.50</b> (Rupees Sixty-Two Crore & Fifty Lakhs Only)			

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The ratings assigned to the bank facilities of Vaishno Associates Vidyut Projects LLP derive strength from experienced promoters with long track record of operation, strong revenue growth with stable operating profitability, comfortable capital structure and strong order book. The rating is however constrained on account of working capital-intensive operations, constitution of the firm and susceptibility to risks inherent in tender-based business and geographical concentration in revenue.

### Key Rating Sensitivities:

#### Upward Factors

- Significant & sustained increase in scale of operations with improvement in profitability and debt protection metrics.

#### Downward Factors

- Substantial decline in the revenue and profitability leading to sustained decline in the debt protection metrics and/or liquidity profile.
- Significant deterioration in working capital cycle.



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### List of Key Rating Drivers with Detailed Description

#### A. Key Rating Strengths

##### **Experienced promoters with long track record of operation**

Vaishno Associates Vidyut Projects LLP (VAVPL) is promoted by Mr. Raj Kumar Babutta and his wife Ms. Raj Neeral Babutta. The promoters of the firm have an experience of more than decades in power transmission industry. They are actively involved in day-to-day management of the firm and are well assisted by effectively qualified second-tier management in day-to-day operations.

##### **Strong revenue growth with stable operating profitability**

VAVPL has witnessed significant growth in revenue with revenue has increased at CAGR of 29.09% through FY20-FY23(P) to Rs.114.04 crore. Though revenue has impacted during FY21 and FY22 due to Covid-19; however, post Covid-19 VAVPL has witnesses significant growth in revenue. VAVPL EBITDA margins have improved on y-o-y basis and was in the range of 10%-12% through FY20-FY23 due to strong execution ability and price variation clause. Net profit margin also improved to 7.74% in FY23, from 5.80% in FY22, primarily due to a reduction in interest expenses. The firm reported gross cash accruals of Rs. 9.15 crore in FY23 as compared to Rs.3.94 Crore in FY22, mainly on account of increase net profitability.

##### **Comfortable capital structure**

The firm's capital structure remains comfortable with gearing has slightly increased to 0.36x in FY23 (FY22: 0.18x) due to increase in working capital debt with increase in revenue at the end of FY23. TOL/TNW also stood comfortable at 1.17x in FY23 (FY22: 0.62x), we expect gearing to improve further from FY24 onwards with expected sustained improvement in profitability and debt repayments.

##### **Strong Order Book**

VAVPL order book has strong with total unexecuted order book of Rs.661.75 crores (5.8x of FY23(P) revenue), indicating strong revenue visibility in the medium term. The order book is diversified with 23% from Rajasthan, 35% from Bihar, 37% of order value from West Bengal and 5% from Jammu and Kashmir. All the orders have inbuilt price escalation clause which insulate the firm from any adverse price movement of raw material prices. The firm has successful track record of completion of contracts in time.



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### **B. Key Rating Weaknesses**

#### **Working Capital Intensive Operations**

The operations of the firm are working capital intensive due to high collection days around 89 days in FY23 reduced from 133 days in FY22. The firm majorly deals with government-based entities wherein it receives the payment in 60-90 days after completion of work, however collection period has improved and stood at 89 days in FY23 (as against 133 days in FY22) due to improved realisation.

#### **Constitution of the firm**

Withdrawal of the capital by the partners involved in Limited Liability partnership may adversely impact the overall capital of the firm.

#### **Susceptibility to risks inherent in tender-based business and geographical concentration in revenue.**

As sales are almost entirely tender-based, revenue depends on ability to bid successfully. Intense competition from large, established players and government entities will continue to constrain scalability, pricing power and profitability. Being a regional player, VAVPL executes projects largely in Maharashtra, and Rajasthan thus, remains susceptible to any slowdown in tenders floated in the region or changes in government policies.

#### **Analytical Approach: Standalone Approach**

#### **Applicable Criteria:**

[Criteria on Default Recognition](#)

[Criteria of assigning rating outlook](#)

[Rating methodology for Infrastructure companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

#### **Liquidity: Adequate**

Liquidity is adequate supported by lower bank limit utilization due to improved realisation and healthy net cash accruals against minimal debt repayments, and comfortable cash & bank



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balance. The average bank limit utilization in the fund-based limits is 48% over the 12 months ended May-23. The average utilization in the non-fund-based limits is around 70-74%. The firm is expected to generate gross cash accruals of Rs ~9.15 crore per fiscal as against yearly debt repayment obligations of 0.77 crore for the same period. Current ratio was 2.04 times as on March 31, 2023. Unencumbered cash and bank balance was Rs 10.13 crore as on Mar 31, 2023.

### About the company

Vaishno Associates Vidyut Project LLP (VAVPL) based in Jaipur was incorporated as a proprietorship concern in 2005. Later in August 2015 it was reconstituted as LLP by Mr Raj Kumar Babutta and his wife Ms. Neeral Raj Babutta. The firm is mainly into EPC business and undertakes turnkey projects for erecting, planning, and commissioning of electrical lines, power transmission/distribution, alternating current-direct charge conversion, substation projects, grid station, and shifting of utility lines for state electricity boards in various states and also from private EPC companies.

### Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	61.24	114.04
EBITDA	6.83	13.48
PAT	3.69	8.87
Total Debt	5.98	15.16
Tangible Net worth	34.04	42.20
<b>Ratios</b>		
EBITDA Margin (%)	11.15	11.82
PAT Margin (%)	5.80	7.74
Overall Gearing Ratio (x)	0.18	0.36

\*Classification as per Infomerics' standards



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### Status of non-cooperation with previous CRA:

CRISIL Ratings in its press release dated March 21, 2023, has reaffirm the long-term & short-term ratings for the bank loan facilities of Vaishno Associates Vidyut Projects LLP and continues to be in "ISSUER NOT COOPERATING" category based on best available information.

### Rating History for last three years:

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities	Long Term	5.00	IVR BBB-/Stable	-	-	-
2.	Short Term Bank Facilities	Short Term	57.50	IVR A3	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long term fund-based - Overdraft	--	--	--	4.00	IVR BBB-/Stable
Long term fund-based - Overdraft	--	--	--	1.00	IVR BBB-/Stable
Short Term non-fund based – Bank Guarantee	--	--	--	26.00	IVR A3
Short Term non-fund based – Bank Guarantee	--	--	--	31.50	IVR A3



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**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-vaishno-aug23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).