



## Press Release

### Vidarbha Infotech Private Limited (VIPL)

March 19, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	82.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	15.00	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
<b>Total</b>	<b>97.00</b> <b>(Rupees Ninety-Seven Crore only)</b>				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics has assigned its ratings to the bank facilities of VIPL as it derives comfort from the improvement in operating performance driven by a diversified business portfolio, a moderate capital structure and debt coverage metrics, and the extensive industry experience of the promoters. However, these rating strengths are partially offset by an elongated working capital cycle and exposure to risks inherent in the tender-driven nature of the business, as well as the renewal risk of lease agreements.

Further, the outlook is maintained at stable as Infomerics believes that the VIPL will continue to derive benefits from experienced promoters and expected strong operating performance.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial improvement in the scale of operations along with profitability on a sustained basis.
- Significant improvement in working capital cycle.
- Improvement in capital structure and debt protection metrics.

##### Downward Factors



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- Any significant decline in revenue and EBITDA margins and/or any major debt fund led capex and/or any deterioration in working capital cycle leading to deterioration in credit profile on a sustained basis.
- Non- renewal/ fresh tie-ups at competitive rates upon the expiry of lease tenor/ termination of lease agreement with any of the major tenants leading to reduction in occupancy rates and/or cash surplus.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Improvement in operating performance driven by a diversified business portfolio**  
VIPL's revenue increased to Rs.130.13 crore in FY24, reflecting a robust growth of 96% on a YoY basis. This growth was primarily driven by revenue from the sale of commercial units in its real estate project, which VIPL developed and sold, contributing Rs.48.59 crore (~37% of total revenue), followed by IT - Sales & Services Charges (33%), Vehicles Towing – Services (14%), Lease Rental Income (10%), and Other Segments (6%) (FY23: Sale of real estate units - 11%, IT - Sales & Services - 46%, Vehicles Towing – Services - 19%, Lease Rental Income - 21%). EBITDA improved to Rs.27.98 crore in FY24 (FY23: Rs.19.17 crore), supported by the increase in scale of operations. VIPL has demonstrated sustained operational performance, achieving revenue of Rs.95.90 crore and EBITDA of Rs.30.84 crore in 9M FY25.
- **Moderate capital structure and debt coverage metrics**  
VIPL credit profile improved in FY24(period refers to from April 1, 2023, to March 31, 2024), with overall gearing, including quasi equity and Adjusted TOL/TNW ratio of 1.22x and 1.83x, respectively (FY23: 2.76x and 3.80x), driven by a significant increase in tangible net worth to Rs. 82.04 crore in FY24 (FY23: Rs. 39.17 crore), primarily attributed to the substantial profit accretion of Rs. 42.04 crore in FY24 (FY23: 7.76 crore) to reserves. The debt coverage metrics remained moderate reflected by interest coverage ratio and total debt to NCA at 1.92x and 1.72 years, respectively, at the end of FY24 (FY23: 3.25x and 8.52 years). Infomerics expects credit profile to remain strong through FY25-FY27 with absence of debt led capex and expected stable EBITDA margins.



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- **Experienced management**

VIPL has been operating in the IT solutions industry since 2000, specializing in tax collection systems and payment gateway projects primarily for municipal corporations. Over the years, it has successfully completed the IT park project.

### Key Rating Weaknesses

- **Elongated working capital**

VIPL has an elongated working capital cycle, reflected in GCA days of 249 in FY24 (FY23: 611 days), primarily due to high receivable days of 58. This is driven by an extended credit period for IT-related services provided to municipal corporations, which typically follow a payment cycle of 70–90 days. Additionally, payments related to the towing business from government bodies also tend to have a prolonged settlement period. Any further delay from the government bodies would impact the liquidity of VIPL.

- **Exposure to risks inherent in tender driven nature of business and renewal risk of lease agreements**

Government IT projects are tender-driven, making the company's ability to secure bids on a continual basis critical. Renewal risk arises from the lease agreements for IT park units, which have been signed with different parties for varying tenures ranging from 3 to 8 years. However, a lock-in period of 3 to 5 years is in place. Additionally, the lease rent is revised annually, increasing by 2% over the last paid rent.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for service sector Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)



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### **Liquidity – Adequate**

The liquidity of VIPL remains adequate with gross cash accruals of Rs. 46.25 crore in FY24. The expected gross cash accruals for FY25-FY27 will remain in the range of at Rs. 20.44 crore - Rs. 38.69 crore, which would comfortably cover its debt repayments of Rs. 8.00 crore each year for FY25 - FY27. Moreover, the LRD facility is backed by an escrow arrangement and stipulates maintenance of Debt Service Reserve Fund. The current ratio stood at 1.91x as on March 31, 2024. The company has modest cash & cash equivalent of Rs. 8.00 crore (Free cash + FDRs) as on December 31, 2024. The average cash credit utilisation for last twelve months ended in December 2024 remained low at 24.24%., indicating sufficient liquidity buffer.

### **About the Company**

VIPL, established in 2000, mainly provides software solutions for various municipal corporation across Maharashtra. Further, it built an IT park in Nagpur, constituting residential and commercial space. The company also offers towing services in Mumbai.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	66.43	130.13
EBITDA	19.17	27.98
PAT	7.76	42.04
Total Debt	103.81	79.72
Adjusted Tangible Net Worth	41.27	73.35
EBITDA Margin (%)	28.86	21.50
PAT Margin (%)	11.50	25.36
Overall Gearing Ratio (x)	2.76	1.22
Interest Coverage (x)	3.25	1.92

\*Classification as per Infomerics Standard

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

CRISIL Rating's moved the rating to Issuer Not Cooperating category based on best available information vide PR dated February 19, 2025, due to unavailability of information for monitoring of rating.



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Brickwork Rating's moved the rating to Issuer Not Cooperating category based on best available information vide PR dated August 08, 2024, due to unavailability of information for monitoring of rating.

**Any other information:** Not Applicable

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Long Term Fund Based Bank Facilities – Term Loan LRD	Long Term	27.67	IVR BBB-/ Stable	-	-	-
2.	Long Term Fund Based Bank Facilities – Term Loan LRD	Long Term	13.06	IVR BBB-/ Stable	-	-	-
3.	Long Term Fund Based Bank Facilities – Term Loan LRD	Long Term	26.55	IVR BBB-/ Stable	-	-	-
4.	Long Term Fund Based Bank Facilities – Proposed Term Loan LRD	Long Term	4.22	IVR BBB-/ Stable	-	-	-
5.	Long Term Fund Based Bank Facilities - Overdraft	Long Term	10.00	IVR BBB-/ Stable	-	-	-
6.	Long Term Fund Based Bank Facilities - Overdraft	Long Term	0.50	IVR BBB-/ Stable	-	-	-
7.	Short Term Non Fund Based Bank Facilities – Bank Guarantee	Short Term	15.00	IVR A3	-	-	-



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### Analytical contacts

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### About Infomerics:

Infomerics Valuation and Rating Limited (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.

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 and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

<p><b>Disclaimer:</b> Infomerics' ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities or to sanction, renew, disburse or recall the concerned bank facilities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.</p>
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### Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan - LRD	-	-	-	15.05.2036	27.67	IVR BBB-/ Stable
Term Loan - LRD	-	-	-	15.07.2034	13.06	IVR BBB-/ Stable
Term Loan - LRD	-	-	-	15.09.2035	26.55	IVR BBB-/ Stable
Proposed Term Loan - LRD	-	-	-	-	4.22	IVR BBB-/ Stable
Overdraft	-	-	-	-	10.00	IVR BBB-/ Stable
Overdraft	-	-	-	-	0.50	IVR BBB-/ Stable
Bank Guarantee	-	-	-	-	15.00	IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-vidarbhainfo-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** 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).