



Press Release

Vijay Transmission Private Limited

March 20, 2025

Ratings

| Security / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|--------------------------------------|---|---|--|------------------|--------------------------------------|
| Long Term Bank Facilities | 121.52 (Enhanced from Rs.59.22 crore) | IVR BBB/ Stable (IVR Triple B with Stable outlook) | IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook) | Rating Upgraded | Simple |
| Long Term Bank Facilities- Term Loan | - | - | IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook) | Rating Withdrawn | Simple |
| Total | 121.52 (Rs. One Hundred Twenty-One Crore and Fifty-Two Lakhs only) | | | | |

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

Detailed Rationale

The upgrade in the rating assigned to the bank facilities of Vijay Transmission Private Limited (VTPL) considers improvement in the business performance of the company marked by growth in scale of operation and profitability of the company in FY24 [FY refer to period from April 1 to March 31] and subsequently in 9MFY25 with improvement in financial risk marked by improvement in debt protection metrics. Furthermore, the rating continues to derive strength from long track record of promoter and experienced management of the company, diversified product profile coupled with moderate orderbook position indicating near to medium term revenue visibility. However, these rating strengths remain constrained due to VTPL's working capital intensive nature of operation, susceptibility of profitability to raw material price volatility and intense competition in the industry.

Infomerics Ratings has simultaneously withdrawn the rating assigned to one of the term loan of Vijay Transmission Private Limited (VTPL) with immediate effect. The above action has been taken as the term loan has been fully repaid by the company and on receipt of No Dues Certificate (NDC) issued by HDFC Bank. The rating is being withdrawn in accordance with the Infomerics' Policy on Withdrawal of ratings.

The outlook remains stable as the business & financial risk profile of the company is likely to be maintained over the medium term based on the experience of the promoters and adequate orders in hand.



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Key Rating Sensitivities:

Upward Factors

- Substantial improvement in scale of operations leading to improvement in profitability and debt protection metrics on a sustained basis.
- Improvement in the capital structure marked by improvement in overall gearing ratio to below 1.00x.
- Effective management of its working capital requirement leading to improvement in its operating cycle through improvement in its inventory cycle.

Downward Factors

- Decline in operating income and/or profitability impacting the cash accrual on a sustained basis.
- Any unplanned debt funded capex leading to moderation in the capital structure with moderation in overall gearing ratio to more than 2x and/or moderation in interest coverage ratio to below 2.5x.
- Any substantial stretch in the operating cycle impacting the liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record of the promoter and experienced management.**

VTPL is promoted by Raipur, Chhattisgarh based Mr. Sanjay Paliwal who is also the Managing Director of the company. Mr. Paliwal is at the helm of the affairs of the company and has experience of around three decades in the industry. He takes care of the overall operations of the company along with the support of other Directors and a team of experienced and qualified personnel. The vast experience of the promoter in this line of activity has helped the company to gain and maintain long-standing relations with its customers and suppliers.

- **Diversified product profile coupled with moderate orderbook position indicating near to medium term revenue visibility.**

VTPL manufactures a range of fabricated and galvanized products like power transmission towers, substation structures, telecom towers, RSJ Poles, earthing strips, etc. thereby depicting a diversified product profile. Further, the company has an outstanding order book position of Rs.240.40 crore as on January 31, 2025, which are to be executed within the next four to five months which indicates a moderate near-term



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revenue visibility. Also, the order book comprises of orders from reputed clientele including various State/Central Public sector undertakings and electricity board leading to lower credit risk.

- **Improvement in scale of operation and profitability**

The company registered y-o-y growth of ~43% i.e. from Rs. 237.28 crore in FY23(A) to Rs. 339.65 crore in FY24(A) driven by healthy demand from its customer base, new client acquisition and efficient capacity utilization. With increase in TOI, EBITDA margin and PAT margin improved from 4.63% and 1.43% respectively in FY23 to 4.79% and 2.07% in FY24 driven by better absorption of fixed overhead expenditure. Infomerics Rating expects that the growth momentum of the company will continue in the near term. VTPL has achieved a turnover of Rs. 360.00 crore till the end of February 2025.

- **Improvement in financial risk profile marked by improvement in debt protection metrics**

The capital structure of the company continues to remain comfortable marked by its satisfactory leverage ratios. Long term debt equity ratio improved to 0.19x as on March 31, 2024. However, overall gearing though moderated from 1.08x as on March 31, 2023, mainly due to increase in working capital loan as on account closing date to support enhanced scale of operation continues to remain satisfactory at 1.29x as on March 31, 2024. Total indebtedness marked by TOL/ATNW also improved from 2.87x as on March 31, 2023, to 2.71x as on March 31, 2024. On account of the increase in overall profitability, debt coverage indicators improved marked by improvement in interest coverage ratio (ICR) to 3.10x in FY2024 [2.20x in FY23]. The adjusted tangible net worth has improved to Rs.48.05 crore in FY24 from Rs. 40.63 crore in FY23. Total debt / EBITDA and Total debt / NCA improved from 4.00x and 8.82x respectively as on March 31, 2023, to 3.79x and 7.16x respectively as on March 31, 2024.

Key Rating Weaknesses

- **Working capital intensive nature of operation**

The working capital cycle though improved in FY24(A) yet continues to remain high at 82 days (96 days in FY23) due to the high inventory holding period owing to the nature of the industry the company operates in. VTPL has to extend the credit period of 30-40 days to its customers due to intense competition and maintain 4-5 months of inventory in hand to cater to the customized needs of its customers. Also, the average utilisation of fund-



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based limits remained high at ~92% during the last twelve months ended January 2025 which indicates limited liquidity cushion.

- **Susceptibility of profitability to raw material price volatility**

The company is exposed to volatility in raw material prices. The prices of these raw materials are highly volatile and can lead to volatility in the profitability margins. However, this risk of volatility in prices is partially mitigated by the company's longstanding relations and understanding with clients in the price front and price escalation clauses; the company gets compensated for the same. The industry is fragmented and there is significant competition among the players in the industry due to which their bargaining power is limited. As a result, the profitability margins of the company are susceptible to the volatility in raw material prices.

- **Intense competition in the industry**

The transmission tower manufacturing industry has many players because of low entry barriers, driven by easy access to raw material. The intense competition in this industry will continue to exert pressure on pricing and create a major impact on profitability.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria of assigning rating outlook](#)

[Policy on default recognition](#)

[Policy on Withdrawal of Ratings](#)

[Complexity level of Rated Instrument / Facilities.](#)

Liquidity – Adequate

The liquidity profile of the company is expected to remain adequate marked by sufficient cash accruals vis-à-vis its debt repayment obligation of Rs.2.30 crore in FY25, Rs.1.28 crore in FY26 and Rs.2.47 crore in FY27. Also, the company has moderate order book position of Rs.240.40 crore as on January 31, 2025, which indicates revenue visibility in the near to medium term. Further, the company has an adequate gearing headroom marked by its overall gearing ratio at 1.29x as on March 31, 2024. However, the average working capital utilisation remained high at ~92% for the last twelve months ended January 2025 indicating limited cushion.



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About the Company

Incorporated in December 2006, Vijay Transmission Private Limited (VTPL) is engaged in fabrication and/or galvanising of substation structures, transmission towers and other structural items and allied activities. The manufacturing facility of the company is located in Raipur, Chhattisgarh with an installed capacity of 30,000 MTPA and 36,000 MTPA for fabrication unit and galvanisation unit respectively. The company is promoted by Raipur, Chhattisgarh based Mr. Sanjay Paliwal who is also the Managing Director of the company. Mr. Paliwal is at the helm of affairs of the company and has an experience of around three decades in the industry. He manages the day-to-day operations of the company along with the support of other directors and a team of qualified and experienced professionals.

Financials (Standalone):

| For the year ended/ As On* | (Rs. crore) | |
|-----------------------------|----------------|----------------|
| | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Operating Income | 237.28 | 339.65 |
| EBITDA | 10.98 | 16.28 |
| PAT | 3.39 | 7.04 |
| Total Debt | 43.92 | 61.76 |
| Tangible Net worth | 41.20 | 48.25 |
| Adjusted Tangible Net Worth | 40.63 | 48.05 |
| EBITDA Margin (%) | 4.63 | 4.79 |
| PAT Margin (%) | 1.43 | 2.07 |
| Overall Gearing Ratio (x) | 1.08 | 1.29 |
| Interest coverage Ratio (x) | 2.20 | 3.10 |

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

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 |
| | | | | | March 15, 2024 | February 03, 2023 | - |
| 1. | Term Loan | Long Term | 12.00 | IVR BBB/Stable | - | - | - |
| 2. | Term Loan* | Long Term | 0.00 | Withdrawn | IVR BBB-/Stable | IVR BBB-/Stable | |



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| 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 |
| | | | | | March 15, 2024 | February 03, 2023 | - |
| 3. | Cash Credit | Long Term | 55.00 | IVR BBB/Stable | IVR BBB-/Stable | IVR BBB-/Stable | - |
| 4. | Proposed Cash Credit | Long Term | 25.00 | IVR BBB/Stable | - | - | - |
| 5. | Bank Guarantee | Long Term | 19.52 | IVR BBB/Stable | IVR BBB-/Stable | IVR BBB-/Stable | - |
| 6. | Proposed Bank Guarantee | Long Term | 10.00 | IVR BBB/Stable | - | - | - |

*Term loan of Rs.0.70 was fully repaid.

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly known as Infomerics Valuation and Rating Pvt Ltd] 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.



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For more information visit <https://www.infomerics.com/>

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Annexure 1: Instrument / Facility Details

| Name of Facility | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|----------------------|------|------------------|------------------|---------------|------------------------------|--------------------------|
| Term Loan | - | - | - | March 2031 | 12.00 | IVR BBB/Stable |
| Cash Credit | - | - | - | - | 55.00 | IVR BBB/Stable |
| Proposed Cash Credit | - | - | - | - | 25.00 | IVR BBB/Stable |
| Bank Guarantee | - | - | - | - | 19.52 | IVR BBB/Stable |
| Proposed Cash Credit | - | - | - | - | 10.00 | IVR BBB/Stable |

Annexure 2: Facility wise lender details:

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

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

Annexure 4: List of companies considered for consolidated/ Combined 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 <https://www.infomerics.com>.