

Press Release

Vishvaraj Infrastructure Limited

September 01, 2021



Rating Withdrawn

Total Bank Facilities Rated*	Rs.214.60 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE B+** (read as ACUITE B plus) and the short term rating of '**ACUITE A4** (read as ACUITE A four) on the Rs.214.60 Cr. bank facilities of Vishvaraj Infrastructure Limited (VIL).

The rating is being withdrawn at the request received from the company and the NOC received from the banker as per Acuité's policy on withdrawal of ratings.

About the Entity

VIL was incorporated in 1992 as Vishvaraj Housing Company Private Limited (VHCPL). VIL is Flagship Company of Vishwaraj Group. During 1999, VHCPL was acquired by Mr Arun Lakhani and Mrs Vandana Lakhani and was reconstituted into a public limited company in 2006. VIL is based in Nagpur with its registered office in Mumbai, Maharashtra. VIL is engaged in the business of making investments in Public-Private Partnership (PPP) infrastructure project and executing EPC work for the same projects.

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of VIL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

VIL is the flagship company of the Vishvaraj Group, which was incorporated in 1992. The promoters, Mr. Arun Lakhani and Mrs. Vandana Lakhani have over two decades of experience in the infrastructure industry. The promoters have set up subsidiary companies such as Malegaon Manmad Kopergaon Infrastructure and Toll Road Private Limited, Warora Chandrapur Ballarpur Toll Road Limited, Orange City Water Private Limited among others in both toll road infrastructure and wastewater management projects.

- **Moderate financial risk profile**

VIL has a moderate financial risk profile marked by reduction in networth, low gearing and average debt protection metrics.

The tangible net worth of the company stood at Rs.147.98 Cr. as on March 31, 2021 (Provisional) as against Rs.180.55 Cr. as on March 31, 2020 on account the scheme of Demerger Arrangement. The debt profile consists of unsecured loans availed by the entity. The Gearing (Debt to Equity) stands at 0.28 times as on March 31, 2021 (Provisional) as against 0.35 times as on March 31, 2020. Similarly, The TOL/TNW (Total Outside Liabilities to Tangible Net Worth) stood at 1.29 times as on March 31, 2021 (Provisional) as against 1.12 times as on March 31, 2020.

The coverage indicators have improved on a Y-O-Y basis as reflected in the Interest Coverage Ratio (ICR) of 1.79 times in FY2021 (Provisional) as against 1.22 times in FY2020. Nonetheless, The NCA/TD (Net Cash Accrual to Total Debt) remains at 0.06 times in FY2021 (Provisional) and in FY2020.

Weaknesses

• **Intensive working capital nature of operations**

VIL's working capital requirements remain intensive marked by Gross Current Assets (GCA) of 1030 days in FY2021 (Provisional) as against 287 days in FY2020. The elongation in GCA can be attributed to elongation in debtors' collection period 664 days in FY2021 (Provisional) as against 186 days in FY2020. The creditors' payment period has also elongated to 229 days in FY2021 (Provisional) as against 62 days in FY2020. The Inventory holding period has also increased to 40 days in FY2021 (Provisional) as against 26 days in FY2020.

Liquidity position: Adequate

VIL has adequate liquidity position marked by Net Cash Accruals (NCA) of Rs.2.47 Cr. v/s its NIL maturing debt obligations in FY2021 (Provisional). The Cash and Bank balance stood at Rs.1.13 Cr. as on March 31, 2021 (Provisional). The current ratio stood at 4.64 times as on March 31, 2021 (Provisional) as against 1.77 times as on March 31, 2020. The working capital requirements remain intensive marked by Gross Current Assets (GCA) of 1030 days in FY2021 (Provisional).

Rating Sensitivities

Not Applicable

Material Covenants

None

Outlook

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY21 (Provisional)	FY20 (Actual)
Operating Income	Rs. Cr.	49.74	213.05
PAT	Rs. Cr.	2.18	3.17
PAT Margin	(%)	4.39	1.49
Total Debt/Tangible Net Worth	Times	0.28	0.35
PBDIT/Interest	Times	1.79	1.22

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
05-Mar-2021	Cash Credit	Long Term	33.00	ACUITE B+ (Downgraded & Indicative)
	Term Loan	Long Term	98.00	ACUITE B+ (Downgraded & Indicative)
	Working Capital Demand Loan	Long Term	8.60	ACUITE B+ (Downgraded & Indicative)
	Bank Guarantee	Short Term	75.00	ACUITE A4 (Downgraded & Indicative)
09-Dec-2019	Cash Credit	Long Term	33.00	ACUITE BB- (Downgraded & Indicative)

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	Term Loan	Long Term	98.00	ACUITE B+ (Downgraded & Indicative)
	Working Capital Demand Loan	Long Term	8.60	ACUITE B+ (Downgraded & Indicative)
	Bank Guarantee	Short Term	75.00	ACUITE A4 (Downgraded & Indicative)
	Term Loan	Long Term	98.00	ACUITE BB- (Downgraded & Indicative)
	Working Capital Demand Loan	Long Term	8.60	ACUITE BB- (Downgraded & Indicative)
	Bank Guarantee	Short Term	75.00	ACUITE A4+ (Downgraded & Indicative)
30-Sep-2019	Cash Credit	Long Term	33.00	ACUITE BBB- (CE) (Indicative)
	Term Loan	Long Term	98.00	ACUITE BBB- (CE) (Indicative)
	Working Capital Demand Loan	Long Term	8.60	ACUITE BBB- (CE) (Indicative)
	Bank Guarantee	Short Term	75.00	ACUITE A3 (CE) (Indicative)

***Annexure – Details of instruments rated**

Lender Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Abhyudaya Co-op Bank	Cash Credit	Not Applicable	Not Available	Not Applicable	33.00	ACUITE B+ Withdrawn
Infrastructure Finance Corporation of India Limited (IFCI)	Term Loan	Not Available	Not Available	Not Available	98.00	ACUITE B+ Withdrawn
Abhyudaya Co-op Bank	Working Capital Demand Loan	Not Available	Not Available	Not Available	8.60	ACUITE B+ Withdrawn
Abhyudaya Co-op Bank	Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	75.00	ACUITE A4 Withdrawn

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About Acuité Ratings & Research:

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