

Press Release

Vichitra Prestressed Concrete Udyog Private Limited

July 20, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 41.00 Cr.
Long Term Rating	ACUITE B+ (Downgraded from ACUITE BB- and Withdrawn)
Short Term Rating	ACUITE A4 (Downgraded from ACUITE A4+ and Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded and withdrawn the long-term rating to '**ACUITE B+** (**read as ACUITE B plus**) from '**ACUITE BB-** (**read as ACUITE double B minus**) and the short term rating of '**ACUITE A4**' (**read as ACUITE A four**) from '**ACUITE A4+**' (**read as ACUITE A four plus**) on the Rs. 41.00 Crore bank facilities of Vichitra Prestressed Concrete Udyog Private Limited (VPCUPL). The outlook is '**Stable**'.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

Acuite observes a continuous decline in the financial risk profile and in revenue level. The revenue of the company has continuously fallen from FY2017. In FY2017 the revenue stood at Rs.23.28 Crore, in FY2018 it declined to Rs.18.68 Crore, Rs.9.03 Crore in FY2019 and Rs.6.17 Crore in FY2020 (Provisional). The main reason for the decline in revenue was a steep decline in the number of projects awarded and the current Covid-19 lockdown situation. The financial risk profile has also declined as marked by low-Interest coverage ratio (ICR) at 1.16 times and Debt Service Coverage Ratio (DSCR) at 1.16 times in FY2020 (Provisional). The net cash accruals to total debt (NCA/TD) stood stretched at 0.01 times in FY2020 (Provisional) compared to 0.04 times in FY2019.

Vichitra Prestressed Concrete Udyog Private Limited (VPCUPL) was established in the year of 1989 by Mr. RN Aggarwal. The company is engaged in Undertaking of Turnkey projects for water and sewage for Govt. and manufacturing of RCC pipes. The registered office is located in New Delhi.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of VPCUPL to arrive at this rating.

Key Rating Drivers

Strengths

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

The company was established in 1989 by Mr. RN Aggarwal, who has experience of more than three decades in the construction and infrastructure industry. For the past three decades, the company is catering to the state government of Telangana and Maharashtra. Mr. Vikas Aggarwal and Mr. Prashant Aggarwal are currently handling the operation of the company.

Weaknesses

- **Weak Financial risk profile**

The financial risk profile of VPCUPL is weak marked by low net worth of Rs.23.89 crore in FY2020 (Provisional) as against Rs.23.88 crore in FY2019. While the gearing of the company stood comfortable at 0.50 times in FY2020 (Provisional), mainly on account of decline in short term borrowings. The Interest coverage ratio (ICR) has stood low at 1.16 times and Debt Service Coverage Ratio (DSCR) at 1.16 times in FY2020 (Provisional). The net cash accruals to total debt (NCA/TD) stood stretched at 0.01 times in FY2020 (Provisional) compared to 0.04 times in FY2019.

• **Working capital intensive nature of operations**

The operations are working capital intensive, marked by high Gross Current Asset (GCA) days of 2455 in FY2020 (Provisional) as against 1436 days in FY2019. The increase is mainly on account of high debtor and inventory days of 1384 and 499 respectively in FY2020 (Provisional) as against 973 and 233 days in FY2019.

Outlook:

Not Applicable

Material Covenant

None

Rating sensitivity

None

Liquidity position: Stretched

The company has stretched liquidity position marked by intensive working capital operations. The cash and bank balances stood at Rs. 0.03 crores as on March 31, 2020 (Provisional) and the current ratio of the company stood at 2.61 times as on March 31, 2020 (Provisional). Acuité believes that the liquidity of the company is likely to remain stretched over the medium term on account of low cash accruals against the repayment obligations over the medium term.

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	6.17	9.03
PAT	Rs. Cr.	0.01	0.30
PAT Margin	(%)	0.19	3.29
Total Debt/Tangible Net Worth	Times	0.50	0.50
PBDIT/Interest	Times	1.16	1.44

Any other information

Not Applicable

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>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

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

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook

22 April, 2020	Cash Credit	Long Term	10.00	ACUITE BB- (Indicative)
	Term Loan	Long Term	6.00	ACUITE BB- (Indicative)
	Bank Guarantee	Short Term	25.00	ACUITE A4+ (Indicative)
14 February, 2019	Cash Credit	Long Term	10.00	ACUITE BB- (Indicative)
	Term Loan	Long Term	6.00	ACUITE BB- (Indicative)
	Bank Guarantee	Short Term	25.00	ACUITE A4+ (Indicative)
18 December, 2017	Cash Credit	Long Term	10.00	ACUITE BB-/Stable (Assigned)
	Term Loan	Long Term	6.00	ACUITE BB-/Stable (Assigned)
	Bank Guarantee	Short Term	25.00	ACUITE A4+ (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B+ (Downgraded and Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE B+ (Downgraded and Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE A4 (Downgraded and Withdrawn)

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About Acuité Ratings & Research:

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