



Press Release
Vishal Infrastructure Limited
September 08, 2023

Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	52.00	ACUITE BB+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	33.00	Not Applicable Withdrawn	-
Bank Loan Ratings	175.00	-	ACUITE A4+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	260.00	-	-

Rating Rationale

Acuite has **reaffirmed & withdrawn its long term rating of 'ACUITE BB+' (read as ACUITE double B plus) and short term rating of 'ACUITE A4+' (read as ACUITE A four plus)** on the Rs. 227.00 crore bank facilities of Vishal Infrastructure Limited (VIL).

Further the rating has been withdrawn on the proposed facility of Rs 33.00 cr proposed bank facility of VIL.

The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the company, and the NOC received from the banker.

Rationale for Rating

The rating on VIL considers the healthy net worth of the company. The rating also draws comfort from the experienced promoters and the company's long track record in the industry. These strengths are, however, offset by the working capital-intensive nature of operations and the average financial risk profile. The company's operational income stood at Rs. 421.30 Cr. as of March 31, 2023, as compared to Rs. 292.57 Cr. as of March 31, 2022, the company's operating margin increased to 3.09 percent from 2.71 percent the previous year. On March 31, 2022, the PAT margin increased to 18.01 percent from 8.88 percent in 2023. As of March 31, 2023, the company's RoCE was 20.93 percent, compared to 16.02 percent as of March 31, 2022.

About the Company

Vishal Infrastructure Ltd. (VIL) is a Bangalore based company incorporated in 1990. The company is managed by Mr. Milind Kumar Deshpande (Chairman & Managing Director), who possesses more than three decades of experience in the civil construction industry. The company undertakes various construction projects across India including airport buildings, airport runway, buildings, roads, bridges and flyovers. The company executes for diverse range of industries such as airport sector, defence sector, PSU and other central government undertakings. The clientele of the company includes Airport Authority of India (AAI), Development Research and Development Organization (DRDO), among others.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of VIL to arrive at the

rating.

Key Rating Drivers

Strengths

Experienced management

The company has been in this line of business since 1990. The managing director, Mr. Milind Kumar Deshpande, possesses more than three decades of experience in the civil construction industry. Top management is supported by a well-experienced technical team. The company successfully executed works such as airport pavement and runway works, harbour works, maintenance of state highways at Hassan District in Karnataka, construction of terminal buildings and cargo complexes at Cochin International Airport Ltd., laboratory building for IGCAR at Bangalore, High Court Annexure Building of Greco-Roman architecture, runway work at Mangalore Airport, expansion of Pune Airport terminal building, and construction of apron and link taxi tracks at Chandigarh International Airport, among others. Acuité believes that the company will benefit from the experience of the management and its long track record of operations in the industry over the medium term.

Increase in revenues along with profitability margins.

The company's operational income amounted to Rs. 421.30 crore as of March 31, 2023, as compared to Rs. 292.57 crore as of March 31, 2022. The company's operating margin increased to 3.09 percent from 2.71 percent the previous year. On March 31, 2022, the PAT margin increased to 18.01 percent from 8.88 percent in 2023. As of March 31, 2023, the company's ROCE was 20.93 percent, compared to 16.02 percent as of March 31, 2022.

Weaknesses

working capital-intensive nature of operations

The working capital-intensive nature of operations of the company is marked by a high Gross Current Asset Days (GCA) of 197 as of March 31, 2023, as compared to 291 days on March 31, 2022. However, the debtor days stood comfortably at 58 days as of March 31, 2023, as compared to 110 days as of March 31, 2022. The inventory period stood relatively low at 108 days as of March 31, 2022, as compared to 94 days on March 31, 2021. Acuité believes that the working capital management of VILs will remain intensive given the nature of the industry.

Exposure to risks related to the tender-driven nature of the business

VIL is into civil works, which is marked by the presence of several mid- to large-sized players. The risk becomes more pronounced as tendering is based on a minimum amount of bidding on contracts and susceptibility to inherent cyclicalities in the infrastructure sector.

Rating Sensitivities

Not Applicable

All Covenants

None

Liquidity Position

Adequate

The company's liquidity position is adequate marked by net cash accruals of Rs.22.87 Cr as on 31st March 2023 as against Rs. 8.44 Cr. long-term debt repayment during the same period. The current ratio stood at 1.39 times as on 31st March 2023, as compared to 1.37 times as on 31st March 2022. The cash and bank balances stood at Rs. 0.86 Cr. 31st March 2023. However, the working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 197 days as on 31st March 2023 as compared to 291 days as on 31st March 2022. Acuité believes that going forward the liquidity position of the company will remain adequate due to the improving net cash accruals.

Outlook: Not Applicable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	421.30	292.57
PAT	Rs. Cr.	18.01	8.88
PAT Margin	(%)	4.27	3.04
Total Debt/Tangible Net Worth	Times	0.55	0.36
PBDIT/Interest	Times	3.14	2.15

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Apr 2023	Bank Guarantee	Short Term	23.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	25.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	40.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	28.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Proposed Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	2.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	30.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	57.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	17.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	13.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
24 Mar 2022	Bank Guarantee	Short Term	25.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	57.00	ACUITE A2 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	28.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	40.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	17.00	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB+ Negative (Reaffirmed)
	Proposed Cash Credit	Long Term	5.00	ACUITE BBB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	30.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	23.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	30.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	60.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Reaffirmed)
		Long		

23 Dec 2020	Cash Credit	Term	2.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	17.00	ACUITE BBB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	18.00	ACUITE A2 (Assigned)
	Proposed Bank Facility	Short Term	55.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	40.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	15.00	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	25.00	ACUITE A4+ Reaffirmed & Withdrawn
ICICI Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	57.00	ACUITE A4+ Reaffirmed & Withdrawn
IDFC First Bank Limited	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE A4+ Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE A4+ Reaffirmed & Withdrawn
DCB Bank Limited	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	23.00	ACUITE A4+ Reaffirmed & Withdrawn
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	17.00	ACUITE BB+ Reaffirmed & Withdrawn
IDFC First Bank Limited	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BB+ Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	13.00	ACUITE BB+ Reaffirmed & Withdrawn
DCB Bank Limited	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE BB+ Reaffirmed & Withdrawn
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BB+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	28.00	Not Applicable Withdrawn
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	Not Applicable Withdrawn

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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