



Press Release
VRIDDHI INFRA TECH INDIA PRIVATE LIMITED
January 27, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.50	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	5.20	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	43.00	-	ACUITE A3+ Assigned
Bank Loan Ratings	91.30	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating to ‘**ACUITE BBB**’ (read as **ACUITE Triple Ba**) and short-term rating to ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs. 96.50 Cr. bank facilities of Vriddhi Infratech India Private Limited (VIPL). The outlook is ‘**Stable**’.

Acuite also assigned its long-term rating to ‘**ACUITE BBB**’ (read as **ACUITE Triple Ba**) and short-term rating to ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on Rs.53.50 Cr. bank facilities of Vriddhi Infratech India Private Limited (VIPL). The outlook is ‘**Stable**’.

Rationale for rating reaffirmation

The rating reaffirmation factors in sustenance of operating performance and healthy order book position of the company. The rating also draws comfort from experienced management and healthy financial risk profile. However, the rating is constrained on account of moderate working capital requirements and high geographic concentration risk amidst intense competition, fluctuating input prices and tender based nature of business.

About the Company

Incorporated in 2014, Vriddhi Infratech India Private Limited (VIPL) was promoted by Mr. Venkata Satish Kilaru and Mr. Suresh Kumar Kavuru. VIPL is an ISO 9001:2015 certified company, involved in the civil construction business. VIPL is engaged in civil construction projects across construction of buildings, laying of roads and irrigation works. It is registered as a Special Class Contractor in the States of Andhra Pradesh, Kerala, and Telangana.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Promoters extensive experience in civil construction industry

Incorporated in 2014, Vriddhi Infratech India Private Limited (VIPL) is managed by Mr. Suresh Kumar Kavuru, Mrs. Preeti Suri, Mr. Venkata Satish Kilaru, and Mr. Suresh Babu Kilaru, who collectively bring significant expertise of around 15 years to the company. Engaged in diverse projects, including the construction of buildings, road laying, and irrigation works, VIPL holds the distinction of being a Special Class Contractor in Andhra Pradesh, Kerala, and Telangana.

Acuite believes that VIPL will continue to benefit from its experienced management to strengthen its business risk profile over the medium term.

Improvement in operating performance

The company's operating performance have improved during past 3 years primarily contributed by increasing orders. During FY24 the company has reported revenue of Rs. 351.11 Cr. against Rs.158.23 Cr. in FY23. Further the company has sustained similar growth in revenue with a revenue of Rs.177.00 Cr. reported till November 2024. VIPL currently has Rs.797.34 Cr. worth orderbook position which are to be executed in next 12-18 months providing healthy revenue visibility over the medium term.

The operating margin stood at 8.54 percent during FY24 against 8.93 percent in FY23. This decline is on account of stiff competition in tendering.

Acuite believes, the company would be able to sustain its operating performance over the medium term owing to healthy order position.

Healthy Financial risk profile

The financial risk profile of the company has remained healthy with moderate net worth and healthy debt protection metrics. The net worth of the company stood at Rs.48.92 Cr. as on March 31, 2024 against Rs.33.85 Cr. as on March 31, 2023. VIPL's gearing stood 0.60 times as on March 31, 2024 against 0.66 times in as on March 31, 2023. The Interest coverage ratio and debt service coverage ratio stood in at 8.18 times and 2.54 times as on March 31, 2024 respectively as against 5.00 times and 3.77 times as on March 31, 2023 respectively. TOL/TNW stood at 2.23 times and 2.27 times as on March 31, 2024 and 2023 respectively. The debt to EBITDA of the company stood at 0.94 times as on 31 March, 2024 as against 1.45 times as on 31 March, 2023.

Acuite believes, the financial risk profile of the company is expected to remain healthy over the medium term with absence of long term debt.

Weaknesses

Moderate working capital requirements

The working capital requirements of the company remained moderate with moderate GCA days at 100 days as on March 31, 2024 as against 145 days as on March 31, 2023. Inventory days stood at 14 days as on 31st March, 2024 as against 35 days as on 31st March, 2023. Subsequently, the payable period stood at 57 days as on 31st March, 2024 as against 91 days as on 31st March, 2023 respectively. The debtor day stood at 24 days as on 31st March, 2024 as against 64 days as on 31st March, 2023. Further, the average bank limit utilization in the last six months ended November, 24 remained at ~9 percent for fund based and ~48 percent for non-fund based.

Acuite believes that working capital operations of the company will remain moderate over the medium term on account nature of operations.

High geographic concentration and intense competition along with vulnerability to input price fluctuations

VIPL is exposed to the cyclicity inherent in the construction industry and intense competition in the tender based contract award system, along with fluctuations in input costs (steel, cement etc.) likely to result in volatility in revenues and profit margins. However, its long standing promoter's presence, past track record of timely execution of projects and established relationship with the clients led to healthy repeat order inflow.

Acuite believes that the ability of the company to withstand intense competition amidst tender based nature of business and fluctuations in input prices would remain a key rating monitorable.

Rating Sensitivities

- Timely execution of order book and order book position

- Sustained increase in order inflow, providing revenue visibility in the medium term
- Working capital management
- Deterioration in financial risk profile

Liquidity Position

Adequate

VIPL has adequate liquidity which is evident from the sufficient Net cash accruals (NCA) to meet its debt repayment obligations. The company has reported NCA's of Rs. 21.49 Cr. as on March 31, 2024 against repayment obligations of Rs.6.13 Cr. for equipment loans for the same period. The company maintains unencumbered cash and bank balance of Rs. 9 Cr. which provides additional comfort towards liquidity.

Going forward, the liquidity is expected to be adequate with net cash accruals in the range of Rs 20-25 Cr. over FY25-26 with expected repayment obligations in the range of Rs. 5-9 Cr.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	351.11	158.23
PAT	Rs. Cr.	15.07	6.22
PAT Margin	(%)	4.29	3.93
Total Debt/Tangible Net Worth	Times	0.60	0.66
PBDIT/Interest	Times	8.18	5.00

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Complexity Level Of Financial Instruments: <https://www.acuite.in/view-rating-criteria-55.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
09 Nov 2023	Bank Guarantee (BLR)	Short Term	14.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	16.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	12.50	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Secured Overdraft	Long Term	2.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Cash Credit	Long Term	1.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Cash Credit	Long Term	5.50	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
11 Aug 2022	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	7.50	ACUITE A3 (Assigned)
	Proposed Short Term Bank Facility	Short Term	3.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	14.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	23.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BBB- Positive (Reaffirmed)
	Secured Overdraft	Long Term	2.00	ACUITE BBB- Positive (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB- Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.50	ACUITE BBB- Positive (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	29.30	Simple	ACUITE A3+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.50	Simple	ACUITE A3+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE A3+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.50	Simple	ACUITE A3+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.80	Simple	ACUITE A3+ Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.20	Simple	ACUITE A3+ Assigned
Federal Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB Stable Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB Stable Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.50	Simple	ACUITE BBB Stable Assigned
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.20	Simple	ACUITE BBB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB Stable Reaffirmed

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