



RATING RATIONALE

3 Mar 2020

Vijay Transmission Private Limited

Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities of ₹. 47.00 Crores of Vijay Transmission Private Limited (VTPL or “The Company”)

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 19)	Present
Fund based	25.00	29.00	Long Term	BWR BB+ Stable	BWR BB+ Stable Reaffirmed
Non Fund Based	22.00	18.00	Short Term	BWR A4	BWR A4 Reaffirmed
Total	47.00	47.00	INR Forty Seven Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

BWR has essentially relied upon the company’s audited financial results upto FY19, projections upto FY21 as well as publicly available information and the information/clarifications provided by the company.

The reaffirmation of rating has factored, inter alia, stable financial performance, experience and track record of the promoters of VTPL. However the rating is constrained by working capital intensive nature of operations and concentration risk in revenue profile.

BWR believes Vijay Transmission Private Limited business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term.

KEY RATING DRIVERS

Credit Strengths:

- Company’s promoters have over four decades of experience in steel and power industries. Over the years of operations they have been able to establish business relationships with customers and suppliers which leads to repeat orders.
- Company’s customer base consists of reputed parties such as Larsen & Toubro Ltd, GE T&D India Ltd, Ashoka Buildcon Ltd etc.
- Financial performance of the company has remained stable. Promoters have infused equity of Rs. 4.35 Cr in FY 18-19. This along with accrual of profit has improved net worth of the company.

Credit Risks:

- VTPL remains exposed to customer concentration risk as top five customers constitute a significant part of revenue. However, the company is in the process of adding new products and clientele to their business, and hence going forward this risk is expected to come down.
- Company’s operations are working capital intensive in nature driven by relatively high inventory levels.
- Company’s major raw materials consist of steel and zinc. Any adverse movement in the price of raw materials may impact profitability.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

As the company does not have any subsidiaries, for arriving at its ratings, BWR has assessed the standalone financials of Vijay Transmission Private Limited and has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive: Substantial scale up in operations, improvement in profitability and debt protection metrics.
Negative: Deterioration in profitability, leverage and/or working capital cycle.

LIQUIDITY POSITION

The liquidity position of the firm in relation to its scale of operation is adequate. As on 31.03.2019 the firm has cash and bank balance of Rs. 1.88 Cr as cash and bank balance. Repayment obligation for FY 19-20 is Rs. 0.22 Cr. Current ratio as on 31.03.2019 is 1.29 times.

Company Profile

Vijay Transmission Private Limited based in Raipur, was incorporated in 2006 as a fabrication & galvanising units of steel structures and transmission line towers. Company is currently expanding the capacity of its galvanisation and fabrication plants from existing 24000 MT to 48000 MT and 18000 MT to 36000 MT respectively. COD is expected in April 2020. The management of VTPL consists of Mr. Sanjay Shital Paliwal, Mr.Keshav Chandra Paliwal & Mr.Narendra Chandra Paliwal who are the directors of the company.

KEY FINANCIAL INDICATORS (in INR Cr)

Key Parameters	Units	2018	2019
Result Type		Audited	Audited
Operating Revenue	Rs. Cr	119.88	157.38
EBITDA	Rs. Cr	10.77	11.74
PAT	Rs. Cr	2.01	1.87
Tangible Net worth(TNW)	Times	25.04	31.29
Total Debt/TNW	Times	1.46	1.34
Current Ratio	Times	1.40	1.29

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED - NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - NA

RATING HISTORY

Instrument / Facilities	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	27, Feb, 2019	17, Apr, 2018	2016
Fund Based	Long Term	29.00	BWR BB+ Stable	BWR BB+ Stable	BWR BB+ Stable	-
Non Fund Based	Short Term	18.00	BWR A4	BWR A4	BWR A4	-
Total		47.00	INR Forty Seven Crores Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1	Axis Bank	CC BG* LC	18.00	7.00 (3.00)	25.00
2	HDFC Bank	CC BG LC	11.00	11.00 (5.00)	22.00
*One way interchangeability is allowed from CC to BG to the extent of Rs. 5.00 Cr					
TOTAL					47.00

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