

## Tavasya Venture Partners Private Limited

February 28, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	3.97	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	12.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Tavasya Venture Partners Private Limited to monitor the rating(s) vide e-mail communications dated October 06, 2023, to February 19, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Tavasya Venture Partners Private Limited's bank facilities will now be denoted as CARE BB-; Stable/CARE A4; ISSUER NOT COOPERATING\*.

**Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of the absence of latest information pertaining to the company, such as operational information, liquidity profile, etc., in order to ascertain its ability to timely repay debt.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of the key rating drivers:

#### Key weaknesses

**Small scale of operations:** In FY23, the total operating income of the company grew two-fold to Rs. 27.55 crores as compared to Rs. 12.64 crores in FY22 on account of higher execution of EPC contracts in FY23. The income from EPC contracts has increased by almost 124% to Rs. 24.75 crores in FY23 from Rs. 11.05 crores in FY22. There is an increase in revenue from sale of iron and steel as well. However, the scale of operations remains small.

**Stretched collection period:** The collection period has come down to 252 days as on March 31, 2023, from 558 days as on March 31, 2022, because of significant improvement in traded goods sale. However, it remains stretched. The operating cycle of the company as on March 31, 2023, has improved to 90 days as compared to 216 days as on March 31, 2022, on account of improvement in the collection period.

**Significant exposure to subsidiaries albeit reduction:** TVPPL exposures to subsidiaries remained at Rs 33.05 crores as on March 31, 2023. There has been no reduction or increase in the investment in subsidiaries from the previous year. The exposure to the subsidiaries remained higher than their net worth base. Almost 99.75% of the total exposure to the subsidiaries is invested in Raajratna Energy Holdings Private Limited which is a company engaged in solar power generation. The balance investment is in Top Blue Supply Chain Private Limited which is engaged in cold chain services, supply chain management and consultancy services.

**Weak debt coverage indicators:** The PBILDT interest coverage ratio of the company improved to 3.08x during FY23 against 0.04x during FY22. However, the debt coverage metrics remain weak during FY23.

**High competition with tender driven nature of the construction sector and executional challenges:** The company operates in the intensely competitive industry wherein projects are awarded on the basis of relevant experience of the bidder, financial capability and most attractive bid price. The sector has been facing challenges during the last few years on account of economic slowdown, regulatory changes and policy paralysis which had adversely impacted the financial and liquidity profile of

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

players in the industry. Additionally, continued increase in execution challenges such as delays in land acquisition, regulatory clearances, aggressive bidding, interest rate risk and delays in the project due to environmental clearance are other external factors that limit the pricing flexibility and put pressure on its profitability.

## Key strengths

**Experienced promoter and management team:** TVPPL is part of the Tavasya Holdings Group, based in Singapore, an investment vehicle of the group promoted by Mr. Tanmay Das. The promoters of the company have extensive experience in trading steel products and the renewable power sector, especially in the EPC of solar and hydro-based power generation plants. Mr. Tanmay Das (Managing Director) of the company is a postgraduate and CFA with an experience of more than two decades in various sectors.

**Moderate profitability margin during FY23:** The profitability of the company marked by PBILDT margin has improved significantly to 16.50% in FY23 as compared to 0.32% in FY22. However, the PAT margin has deteriorated marginally to 8.81% in FY23 as compared to 9.66% in FY22. PBILDT margin and PAT margin stood at 22.95% and 17.39% respectively in 9MFY24. The profitability in FY23 and 9MFY24 has improved due to significant increase in the revenue as compared to the expenses.

**Improved order book with medium-term revenue visibility:** TVPPL has an outstanding order book of Rs. 81.32 crores as on December 31, 2023, which translates to an order book to total operating income ratio of 2.95x providing a medium-term revenue visibility. The order book is concentrated in the state of Kerala with almost 49% of the outstanding order book which exposes TVPPL to geographic concentration risk. Any adverse change in the government policies may hamper the revenue of the company. However, the company also has presence in the state of Arunachal and Chhattisgarh. Currently all the projects that are being executed by TVPPL is in hydro power segment. The client profile of TVPPL constitutes of Chhattisgarh Hydro Power LLP, Kerala State Electricity Board and Arunachal Pradesh State Electricity Board.

**Satisfactory capital structure:** The overall gearing ratio of the company has improved marginally to 0.93x as on March 31, 2023, as compared to 0.99x as in March 31, 2022. Though the total debt has increased to Rs 42.32 crores as on March 31, 2023, from Rs. 40.70 crores as on March 31, 2022, the gearing ratio is supported by improvement in net worth base on account of accretion of profits.

## Liquidity: Stretched

The liquidity of the company is supported by a above unity current ratio of 1.76x as on March 31, 2023. The company has a repayment obligation of Rs. 0.30 crores as against a GCA of Rs.2.61 crores. The working capital utilisation for its CC limits and BG limits remains at 63% and 56% respectively for the past 12 months ended November 2023. Despite the above-mentioned factors, the company's receivable position is elongated with delay in recovery of bills.

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

## Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Short Term Instruments](#)

[Construction](#)

## About the company and industry

### Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Tavasya Venture Partners Private Limited (TVPPPL) was incorporated in the year 2007 by Mr. Tanmay Das and Mrs. Madhulita Das. TVPPPL is part of the Tavasya Holdings Group, based in Singapore, an investment vehicle of the group promoted by Mr. Tanmay Das. The Company is engaged in diversified business operations which include providing EPC works for renewable projects, financial and consultancy services to the power and infrastructure sector and trading of steel products. TVPPPL is also the holding company for three of its subsidiaries namely, Raajratna Energy Holdings Private Limited engaged in solar power generation, Tavasya Hospitality Private Limited and Top Blue Supply Private Limited.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (UA)
Total operating income	12.64	27.55	54.77
PBILDT	0.04	4.55	12.57
PAT	1.22	2.43	9.53
Overall gearing (times)	0.99	0.93	NA
Interest coverage (times)	0.04	3.08	14.02

A: Audited UA: Unaudited NA: Not available; Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	3.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	July 2029	0.97	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	10.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s)	Date(s) and Rating(s)	Date(s) and Rating(s)	Date(s) and Rating(s)

					) assigned in 2023-2024	) assigned in 2022-2023	) assigned in 2021-2022	assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT*	3.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB-; Stable (06-Jan-23)	1)CARE BB-; Stable (25-Jan-22) 2)CARE B+; Stable (16-Nov-21)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (24-Mar-21)
2	Non-fund-based - ST-BG/LC	ST*	10.00	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4 (06-Jan-23)	1)CARE A4 (25-Jan-22) 2)CARE A4 (16-Nov-21)	1)CARE A4; ISSUER NOT COOPERATING * (24-Mar-21)
3	Non-fund-based - ST-BG/LC	ST*	2.00	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4 (06-Jan-23)	1)CARE A4 (25-Jan-22) 2)CARE A4 (16-Nov-21)	1)CARE A4; ISSUER NOT COOPERATING * (24-Mar-21)
4	Fund-based - LT-Term Loan	LT*	0.97	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB-; Stable (06-Jan-23)	1)CARE BB-; Stable (25-Jan-22) 2)CARE B+; Stable (16-Nov-21)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (24-Mar-21)

\*Issuer did not cooperate; based on best available information.

\*Long term \*Short term.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not Applicable

#### Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

## Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

## Annexure-6: List of all the entities consolidated: Not Applicable

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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### About us:

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### Disclaimer:

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