

OCTOBER 08, 2015

## CARE REVISES THE RATINGS ASSIGNED TO BANK FACILITIES OF VASISHTA CONSTRUCTIONS PRIVATE LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	44.50 (reduced from 56)	<b>CARE C (Single C)</b>	Revised from CARE D [Single D]
Long term/Short term Bank Facilities	130.00 (reduced from 162.50)	<b>CARE C/CARE A4 (Single C/A Four)</b>	Revised from CARE D /CARE D [Single D/Single D]
<b>Total Facilities</b>	<b>174.50 (Rupees One Hundred Seventy Four crore and Fifty lakh only)</b>		

**Rating Rationale**

The revision in the ratings assigned to the bank facilities of Vasishta Constructions Pvt Ltd (VCPL) takes into account improved liquidity profile on account of recovery of bills receivables resulting in regularisation of debt servicing. The ratings are underpinned by experience of promoters, healthy growth in order book size coupled with faster movement of few high value projects, increased scale of operation coupled with improved net profit in FY15 (refers to the period April 1 to March 31), improved leverage position with repayment of term debt and moderate industry outlook. The ratings are, however, constrained by concentrated order book position, satisfactory utilization of bank borrowings and limited experience in executing the projects of relatively large size. The ability of the company to manage the growth and ensure timely execution of projects and recovery of contracts proceeds in timely manner and improve liquidity profile with effective management of working capital are the key rating sensitivities.

**Background**

Incorporated in October 1991, VCPL is engaged in construction activities spanning irrigation & flood control, roads & bridges, building & structures, etc.

VCPL is promoted by Mr M Naga Raju, Mr M Sivarama Raju, Mr M S Subba Raju and Mr D Ravi Kumar. The promoters have around 25-30 years of experience in executing civil contracts for government entities and private players in the aforesaid segments.

During FY15, VCPL achieved PBILDT of Rs. 32.68 crore (against PBILDT of Rs.28.77 crore in FY14) with PAT of Rs.15.04 crore (against PAT of Rs.8.22 crore in FY14) on a total operating income of Rs.266.41 crore (against total operating income of Rs.213.53 crore in FY14).

As per the unaudited results of Q1FY16 (refers to the period April 01 to June 30), VCPL has achieved PAT of Rs.3.74 crore on a total operating income of Rs.73.15 crore.

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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