

March 11, 2014

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
VASISHTA CONSTRUCTIONS PVT LIMITED**

Ratings

Facilities/Instruments	Amount (Rs.crore)	Ratings ¹	Remarks
Long-term Bank Facilities	56	CARE B+ (Single B Plus)	Re-affirmed
Long-term/Short-term Bank Facilities	162.50	CARE B+/A4 (Single B Plus/A Four)	Re-affirmed
Total Facilitates	218.50	-	-

Rating Rationale

The ratings continue to remain constrained by the stretched liquidity position with persistent high utilization of bank borrowings, concentrated order book position and limited experience in executing the projects of a relatively large size. The ratings also factor in weakening of the capital structure as on March 31, 2014. The ratings, however, are underpinned by the experienced promoters, satisfactory order book position and moderate growth in the scale of operation. The ability of the company to recover contract proceeds in a timely manner thereby improving the liquidity profile and effectively manage the working capital requirements are the key rating sensitivities.

Background

Incorporated in October, 1991, Vasishta Constructions P Ltd (VCPL) is engaged in construction activities spanning irrigation & flood control, roads & bridges, building & structures, etc. As on January 28, 2014 the company had an order book of Rs.1290.23 crore of which five key projects comprised approximately 73% of the total works in hand.

VCPL was 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 FY13 (refers to the period April 1 to March 31), VCPL posted a PBILDT of Rs.36.22 crore (FY12 - Rs.31.07 crore) and PAT (after deferred tax) of Rs.12.22 crore (FY12 – Rs. 11.35) crore on a total operating income of Rs.263.38 crore (FY12 – Rs.245.59 crore).

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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