



Press Release

Lakshya Powertech Limited

November 21st, 2024

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facility	30.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Total		30.00	Rupees Thirty Crore Only			

Details of Facilities are in Annexure 1

Facilities wise lender details are in Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Ratings Private Limited (IVR) has assigned long-term rating of IVR BBB with Stable outlook for the bank loan facilities of Lakshya Powertech Limited (LPL).

The rating draws comfort from extensive experience of the promoters and established track record of operations, demonstrated track record with proven project execution capability, reputed clientele, comfortable order book position, improved financial risk profile and improvement in scale of operations and profitability. However, these rating strengths are partially offset by tender driven nature of the business, susceptibility of operating margin to volatile input prices and intense competition.

The 'Stable' outlook indicates low likelihood of rating change over the medium term. IVR believes LPL's business risk profile will be maintained over the medium term. The company performance remained satisfactory in FY2024.

IVR has principally relied on the standalone audited financial results of LPL up to 31 March 2024 (refers to period April 1st, 2023, to March 31, 2024), 5MFY25 unaudited results and projected financials for FY2025-FY2027 and publicly available information/ clarifications provided by the company's management.

Upward factors



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- Substantial improvement in the scale of operations with TOI above Rs. 200 crore and profitability margins
- Sustenance of the overall gearing below 0.65x
- Improvement in cash conversion cycle

Downward factors

- Significant reduction in the scale of operations and profitability margins
- Any deterioration in liquidity profile
- Moderation in the capital structure with deterioration in overall gearing to more than 2.00x

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record of operations and extensive experience of the promoters:**

The company commenced its operations in 2012 and has a successful track record of two decades in the existing line of business. Overall activities of LPL are managed by Mr. Rajesh Anne and Mrs. Priya Anne, with Mr. Rajesh Anne being the Managing Director. He has experience of more than 25 years in the EPC Business. The directors are ably supported by qualified and well experienced management team. Over the years they have built strong relationship with customers and suppliers.
- **Demonstrated track record with proven project execution capability:**

LPL has a long track record of two decades in EPC segment. Over the years of its operation the company has gradually established its credentials and successfully executed many projects. In order to manage the projects in a better way and to grow in a balanced way, the company has a policy to take up short to medium term projects (12-24 months) and handle a limited number of projects at a time to ensure timely completion. The repeat orders received from its clientele validate its construction capabilities.
- **Reputed clientele:**

The company mainly caters to public sector companies in oil & gas, industrial, power generation, and renewable energy sectors, both domestically and globally and gets business through tender bidding. Its clientele includes a wide base of Public Sector Unit Customers' such as Equinox Engineering Limited, Powerica Limited, HPCL, L&T Limited, Gmmco Limited and others. However, the top five customers cater to more than ~72.39% of its total operating income in FY2024, indicating a concentrated customer profile. Though customers being reputed government companies impart comfort with low counterparty risk.



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- **Comfortable order book position:**

The company has a comfortable unexecuted order book of Rs. ~262 crore as on October 31, 2024, which highlights the medium revenue visibility, which is to be executed over next 1-2 years, indicating satisfactory near to medium-term revenue visibility.

- **Improved financial risk profile:**

Tangible net worth has improved to Rs. 32.02 crore in FY2024 from Rs. 7.10 crore in FY2023, mainly due to retention of profits and increase in share capital. Overall gearing improved to 0.91x in FY2024 from 2.04x in FY2023. Similarly, total indebtedness of the company as reflected by TOL/TNW improved significantly and stood at 1.57 times in FY2024 from 3.62 times in FY2023. In terms of debt coverage indicators, the interest service coverage ratio (ISCR) and debt service coverage ratio (DSCR) remained comfortable at 9.41 times and 3.11 times in FY2024.

- **Improvement in scale of operations and profitability:**

Total operating income (TOI) has improved significantly to Rs. 150.71 crore in FY2024 from Rs. 51.86 crore in FY2023. In 5MFY25 the TOI stood at Rs. 57.80 crore. EBITDA and PAT margins have improved to 14.59% and 9.61% respectively in FY2024 from 9.72% and 5.66% respectively in FY2023.

Key Rating Weaknesses

- **Tender driven nature of business:**

The company is mostly getting its orders through tenders floated by various oil and gas, industrial, power generation and renewable energy sector PSU's. As the infrastructure industry is highly fragmented due to the presence of many organized and unorganized players, the tender driven nature of business leads to volatility in revenue and profitability. Further, being in the infrastructure segment the company is exposed to inherent risks associated with this industry like slowdown in new order inflows, risks of delays in execution, liquidated damages (LD) charges etc.

- **Susceptibility of operating margin to volatile input prices:**

The Company's operating margins are susceptible to volatility in prices of raw materials, although the same risk has been mitigated to some extent with the presence of the price escalation clause.

- **Intense competition:**



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The domestic infrastructure/construction sector is competitive due to the presence of many established domestic players and various international players with varied statures & capabilities.

Analytical Approach: For arriving at the ratings, IVR has analysed LPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

- [Rating Methodology for Infrastructure Companies](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\)](#)
- [Criteria of assigning rating outlook](#)
- [Policy on default recognition](#)
- [Complexity level of rated instruments/ facilities](#)

Liquidity – Adequate

The company has an adequate liquidity position. The company has long-term borrowings from bank amounting to Rs. 5.23 crore as on March 31st FY2024. Against the current portion of long-term debt (CPLTD) of Rs. 3.48 crore in FY2024, the company had earned cash accrual of Rs. 15.78 crore in FY2024. The company projected to generate cash accrual of Rs. 18.95 crore FY2025 against CPLTD of ~ Rs. 3.72 crore. With adequate expected cash accruals against the repayments, the liquidity position will remain adequate.

About the Company

Lakshya Powertech Limited was incorporated in 2012 with its registered office in Gujarat. The company is engaged in offering tailored EPC services catering to four sectors: oil and gas, industrial, power generation, and renewable energy sectors, both domestically and globally. In addition to EPC services, it also offers integrated operations and management services, ensuring sustained efficiency and longevity of its client's assets, further supported by specialized services such as testing & commissioning, overhauls, and refurbishing/retrofitting.

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	51.86	150.71
EBITDA	5.04	21.99
PAT	2.94	14.60
Total Debt	14.49	29.00
Tangible Net worth	7.10	32.02
EBITDA Margin (%)	9.72	14.59
PAT Margin (%)	5.66	9.61



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For the year ended*/As on	31-03-2023	31-03-2024
Overall Gearing Ratio (x)	2.04	0.91
Interest Coverage Ratio (x)	9.44	9.41

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based	Long Term	25.00	IVR BBB /Stable			
2.	Non-Fund Based	Long Term	5.00*	IVR BBB /Stable	-	-	-

**Tenor more than one year*

Name and Contact Details of the Rating Analyst:

Name: Om Prakash Jain
Tel: (011) 45579024
Email: opjain@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	25.00	IVR BBB/Stable
Bank Guarantee*	-	-	-	5.00	IVR BBB/Stable

*BG Tenor more than one year

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Lakshya-Powertech-nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).