

March 05, 2025

Vijaya Wb Smart Meters Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Proposed term loan	160.00	-	-
Short-term – Interchangeable – Proposed letter of credit	(160.00)	-	-
Long-term – Fund-based – Proposed bridge loan	90.00	-	-
Long-term/Short-term – Non-fund based – Proposed bank guarantee	50.00	-	-
Long-term – Fund-based – Term loan	-	151.00	[ICRA]A- (Stable); reaffirmed
Short-term – Interchangeable – Letter of credit	-	(151.00)	[ICRA]A2+; reaffirmed
Long-term – Fund-based – Bridge loan	-	101.87	[ICRA]A- (Stable); reaffirmed
Long-term/Short-term – Non-fund based – Bank guarantee	-	47.13	[ICRA]A- (Stable)/[ICRA]A2+; reaffirmed
Total	300.00	300.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Vijaya WB Smart Meter Private Limited (VWBSMPL) factors in the long-term contract with West Bengal State Electricity Distribution Company Limited (WBSEDCL) for installation and operation of advanced metering infrastructure (AMI) for 7.78 lakh smart meters. The company would receive a lumpsum grant for the installed smart meters after achieving operational go live and fixed monthly service charges for the operational meters for the operating period of 93 months, subject to meeting the stipulated operating parameters, thereby providing long-term revenue visibility. ICRA notes the financial closure achieved by the company and derives comfort from the corporate guarantee provided by strong parent, GVPR Engineers Limited (GVPR, rated [ICRA]A+ (Stable)/[ICRA]A1+). GVPR is adequately placed to meet the equity requirements and is expected to provide the necessary funding support to meet any shortfalls during the contract period.

The ratings are, however, constrained by the project execution risk due to the nascent stage of project progress. While the sponsor has a limited track record in the smart meter installation segment, it had prior experience in installation of regular electrical meters. ICRA notes the delay in project execution for reasons attributable to the authority and VWBSMPL's ability to commission the project, in a timely manner, and within the budgeted cost, would be important from the credit perspective. Further, as per the contract, the company has to achieve various milestones in a timely manner and is exposed to the risk of liquidated damages (LDs). This apart, VWBSMPL's ability to demonstrate compliance with the service level thresholds (SLA), related to meter availability, data collection and delivery of recharge, among others, remains a key monitorable, given that there are provisions for penalty in case of under performance against these SLAs. Therefore, any delay in project execution or achieving satisfactory operating parameters will remain a key rating sensitivity. Nevertheless, the company has entered into a back-to-back arrangement with its vendors mitigating the risk to an extent.

The ratings consider the presence of a direct debit facility (DDF), wherein online payments made by the consumers assigned to VWBSMPL will be deposited into the DDF account and shall be first used to clear the payments to VWBSMPL. This, in turn, reduces the counterparty risk associated with the credit profile of WBSEDCL. However, the DDF mechanism has a limited track

record, and the timeliness of payments will have to be monitored over a longer period. Further, the timeliness of receipt of lumpsum payments remains crucial, as these payments will be utilised for subsequent meter installation cost.

The Stable outlook on the ratings derives comfort from ICRA's opinion that the company will be able to leverage upon the strong parentage in terms of funding requirements and complete the project in a timely manner, so as to benefit from the long-term advanced metering infrastructure service provider (AMISP) contract with WBSEDCL and presence of DDF payment mechanism to ensure the timely payments.

Key rating drivers and their description

Credit strengths

Long-term AMISP contract provides revenue visibility – The company has signed a long-term contract with WBSEDCL for installation of smart meters and associated infrastructure under the revamped distribution sector scheme (RDSS). The special purpose vehicle (SPV) would be responsible for installation of 7.78 lakh smart meters, along with associated infrastructure through pre-paid mode in selected circles in West Bengal within a span of 27 months from the date of signing the concession agreement and operating period of 93 months for each meter. The company will receive a one-time lumpsum amount based on the number of smart meters operationalised and service charge per meter over the operating period, providing long-term revenue visibility.

Strong parentage – The company is sponsored by GVPR Engineers Limited, which has a comfortable financial profile. It is expected to infuse the requisite equity in a timely manner and is likely to provide the necessary funding support to meet any shortfalls during the contract period. Further, GVPR is expected to provide corporate guarantee for the term loan for the entire debt tenor, as stipulated by the lender which supports the rating.

Credit challenges

Project execution risk and stringent SLA requirements – The company is exposed to execution risk due to the nascent stage of the project. While the sponsor, GVPR, has a limited track record in the smart meter installation segment, it has prior experience in the installation of the regular electrical meters. ICRA notes the delay in the project execution for reasons attributable to the authority. VWBSMPL's ability to commission the project, in a timely manner and within the budgeted cost, would be important from the credit perspective. Further, as per the contract, the company has to achieve various milestones in a timely manner and is exposed to risk of LDs in case of delay in achieving the milestones and penalties in case of non-compliance with SLA thresholds, related to meter availability, data collection and delivery of recharge, among others for the operational meters. Therefore, any delay in project execution or ability to achieve satisfactory operating parameters will remain a key rating sensitivity. Nevertheless, the company has entered into back-to-back arrangements with its vendors mitigating the risk to an extent.

New payment mechanism of DDF – The DDF shall ensure timely payments to the project SPV, wherein online payments made by the consumers assigned to VWBSMPL will be deposited into the DDF and shall be first used to clear the payments to VWBSMPL. This, in turn, reduces the risk associated with the credit profile of WBSEDCL. The utility has to ensure that the DDF, so created, has an average monthly inflow of at least 5 times of the estimated monthly payment to AMISP. While the payment security mechanism under DDF is robust, the track record for such a mechanism is yet to be fully tested in India. Going forward, a sustained track record of timely recovery of grant payments and monthly service charges, in line with DDF arrangement, will be a key credit monitorable.

Liquidity position: Adequate

The company's liquidity position is expected to be adequate, given the estimated project cost of ~Rs. 412.78 crore is to be funded through ~Rs. 65 crore of equity, Rs. 151 crore of tied-up term loan and the rest through internal accruals (VWBSMPL plans to utilise part of the cash inflows from one-time lumpsum payments and monthly service charges towards installation costs). In addition, the company was sanctioned a Rs. 110 crore bridge loan in the event of delay in the receipt of upfront

payments from the discom, which will be repayable in bullet repayments within three months of achieving the installation milestone.

Rating sensitivities

Positive factors – The ratings could be upgraded upon achieving the operational go-live as per the scheduled timelines, along with maintaining satisfactory operating parameters as well as timely receipt of lumpsum payments and monthly charges.

Negative factors – Pressure on the ratings could arise if significant delays in installation/commissioning or cost overrun and/or substantial delay in receipt of lumpsum amount resulting in higher equity burden on the sponsor, or if there is deterioration in debt coverage metrics or liquidity position. The ratings could be downgraded if there is a weakening in linkages or change in support philosophy with the sponsor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Project finance methodology
Parent/Group support	Parent/Group Company: GVPR Engineers Limited (rated [ICRA]A+ (Stable)/[ICRA]A1+) ICRA expects the sponsor, GVPR Engineers Limited to be willing to extend financial support to VWBSMPL, should there be a need, given its strategic importance to the sponsor and explicit presence of unconditional and irrevocable corporate guarantee extended by GVPR towards the bank facilities availed by VWBSMPL.
Consolidation/Standalone	Standalone

About the company

Vijaya WB Smart Meters Private Limited is an SPV incorporated by GVPR Engineers Limited on October 30, 2023 for installation of smart electric meters and related infrastructure on Design-Build-Finance-Own-Operate-Transfer basis. The SPV was awarded the contract from West Bengal State Electricity Distribution Company Ltd, an enterprise of West Bengal Government with an estimated contract value of Rs. 857.05 crore to implement the project in five districts. The letter of award was issued on January 10, 2024, and AMISP contract was signed between GVPR and WBSEDCL on February 20, 2024.

Key financial indicators

Key financial indicators are not applicable as VWBSMPL is a project stage company.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2025)				Chronology of rating history for the past 3 years					
		Amount Rated (Rs Crore)	March 05, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Proposed term loan	Long term	-	-	10-JUN-2024	[ICRA]A-(Stable)	-	-	-	-	-	-
Interchangeable – Proposed letter of credit	Short term	-	-	10-JUN-2024	[ICRA]A2+	-	-	-	-	-	-
Proposed bridge loan	Long term	-	-	10-JUN-2024	[ICRA]A-(Stable)	-	-	-	-	-	-
Proposed bank guarantee	Long term/ Short term	-	-	10-JUN-2024	[ICRA]A-(Stable)/ [ICRA]A2+	-	-	-	-	-	-
Term loan	Long term	151.00	[ICRA]A-(Stable)	-	-	-	-	-	-	-	-
Interchangeable – Letter of credit	Short term	(151.00)	[ICRA]A2+	-	-	-	-	-	-	-	-
Bridge loan	Long term	101.87	[ICRA]A-(Stable)	-	-	-	-	-	-	-	-
Bank guarantee	Long term/ Short term	47.13	[ICRA]A-(Stable)/ [ICRA]A2+	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Short-term – Interchangeable – Letter of credit	Very Simple
Long-term – Fund-based – Bridge loan	Simple
Long-term/Short-term – Non-fund based – Bank guarantee	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rates	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	August 02, 2024	NA	June 30, 2032	151.00	[ICRA]A- (Stable)
NA	Interchangeable – Letter of credit	NA	NA	NA	(151.00)	[ICRA]A2+
NA	Bridge loan	August 02, 2024	NA	-*	101.87	[ICRA]A- (Stable)
NA	Bank guarantee	NA	NA	NA	47.13	[ICRA]A- (Stable)/ [ICRA]A2+

Source: Company; *repayable in bullet repayment within three months of achieving installation milestone i.e., completion of installation of all smart meters

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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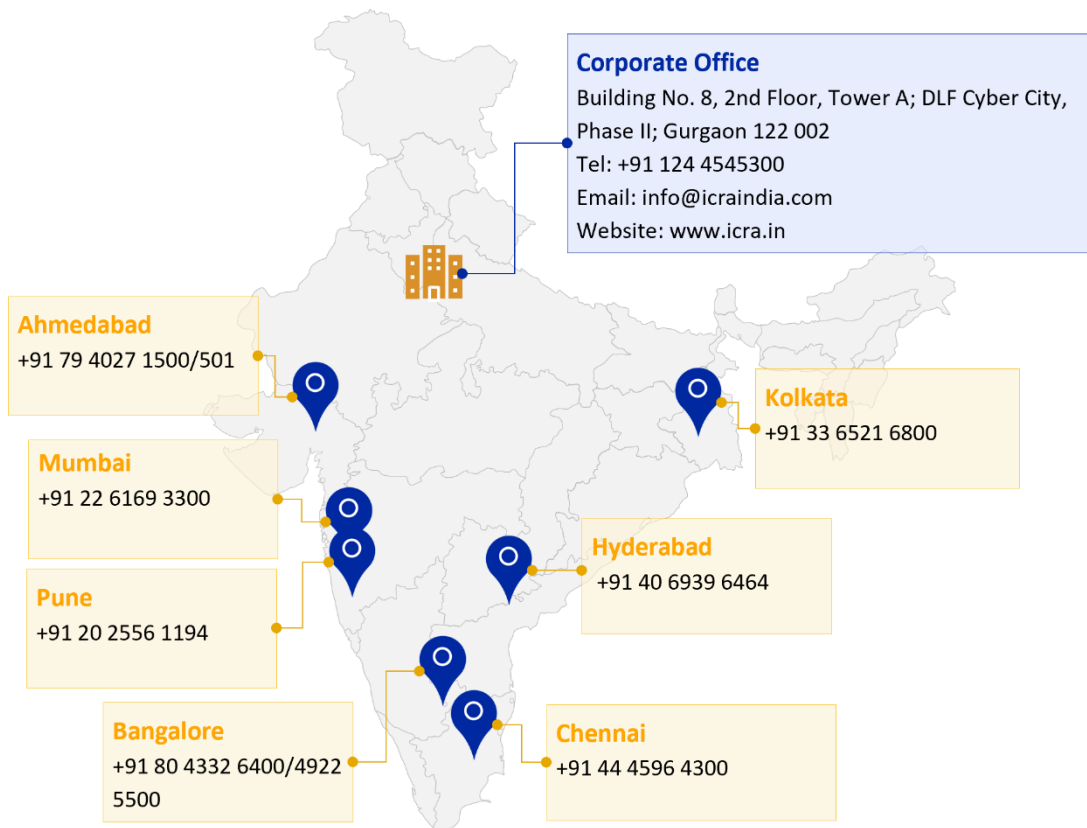
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