

Vijendra Pratap Singh

November 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	26.50	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 Vijendra Pratap Singh to monitor the rating(s) vide e-mail communications dated October 07, 2024, October 21, 2024, and October 28, 2024, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating of Vijendra Pratap Singh'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 rating has been moved to Issuer Not Cooperating category on account of non-availability of requisite information due to non-cooperation by Vijendra Pratap Singh with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings are further constrained by the low net worth base, tender based nature of operations, the highly fragmented and competitive nature of the construction sector with significant price war, small scale of operations and the constitution of the entity being a proprietorship firm. However, the ratings draw comfort from its experienced promoters and moderate capital structure of the firm.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on September 25, 2023, the following were the rating strengths and weaknesses (Updated for the Information available from Audited Financials of FY24 shared by the Firm)

Key weaknesses

Low order book position along with being geographically concentrated

Vijendra Pratap Singh has an unexecuted order book position of Rs. 63.32 crore which is less than the total operating income achieved in FY23(Rs.79.47 crores). The tenor of the construction contracts to be executed varies depending upon the type of contract bid and awarded, thereby reflecting low revenue visibility over the medium term. The firm is also exposed to risk of any unfavourable changes in the policies towards award of new contracts. Further, effective, and timely execution of the orders has a direct bearing on the total income and margins of the firm. However, PWD projects in Uttar Pradesh are usually opened for bidding post the monsoon season, hence the firm would be bidding for additional projects for FY24.

Small scale of operations

The firm is a small regional player involved in executing construction contracts particularly PWD in Uttar Pradesh. The ability of the firm, to scale up to larger-sized contracts having better operating margins is constrained by its comparatively low capital base of Rs. 13.24 crores as on March 31, 2024, and total operating income of Rs 83.82 crore in FY24. The small scale of operations in a fragmented industry limits the pricing power and restrict the firm to benefit through economies of scale.

Low Profitability Margins

The firm undertakes government projects, which are awarded through the tender-based system. The projects are highly competitive and involve aggressive bidding stressing the profitability margins. The firm generated PBILDT margin of 5.29% as on March 31, 2024, as against 5.04% in the previous fiscal year. Whereas the PAT margin stood at 3.63% as on March 31, 2024, as

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

compared to 3.79% in the previous fiscal year. The improvement in margins was primarily driven by reduction in the cost of materials consumed.

Constitution of the entity being a proprietorship firm

VPS constitution being a proprietorship firm has the inherent risk of possibility of withdrawal of the proprietors' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of proprietor. Moreover, proprietorship firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision for the lenders.

Highly competitive industry with business risk associated with tender-based orders

Vijendra Pratap Singh (VPS) operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market which has limited the bargaining power of the firm and has exerted pressure on its margins. The availability and retention of skilled manpower has also become a major challenge. VPS receives majority of its work orders from government departments. The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large. Further, any changes in the government policy or government spending on projects are likely to affect the revenues of the firm.

Key strengths

Moderate capital structure and coverage indicators.

As on March 31, 2024, the debt profile of the firm comprises of term loan to the tune of Rs 0.41 crores, working capital limit at Rs 0.99 crores and vehicle loans amounting to Rs. 0.99 crores. The capital structure of the firm remains moderate as marked by overall gearing ratio of 0.17x as on March 31, 2024 (against PY ratio of 0.25x). Earlier, the firm was meeting the working capital needs by stretching creditors. The debt coverage marked by interest coverage ratio stood at 6.26x as on March 31, 2024, as against 7.36x as on March 31, 2023.

Experienced proprietor

Mr. Vijendra Pratap Singh, Proprietor, looks after overall affairs of the firm. He has more than two decades of experience in the civil construction industry. The management have been instrumental in assisting the firm to achieve the growth strategies on account of their extensive experience in execution of contracts in the various Government departments. Further, management is supported by a team of qualified employees having long standing experience in their respective fields for executing contracts on time.

Reputed Clientele

Vijendra Pratap Singh has a long association with the PWD departments of Uttar Pradesh. The present unexecuted order book is concentrated towards PWD projects in Uttar Pradesh, with 85% of the total orders in hand being PWD projects, out of which 75% of the projects are from the PWD departments of Gorakhpur and Maharajganj. The remaining projects are from the PWD department of Siddharth Nagar and the Gorakhpur Industrial Development Authority.

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](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Uttar Pradesh based Vijendra Pratap Singh (VPS) was formed in 2002 as proprietorship concern by Mr Vijendra Pratap Singh. It is engaged in the business of civil construction with major focus on construction of roads and bridges for government departments. It is registered as an 'A' class approved contractor with Public Works Department, Uttar Pradesh (PWD) and 'AA' class approved with Irrigation department, Uttar Pradesh.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	79.47	83.82
PBILDT	4.00	4.43
PAT	3.02	3.04
Overall gearing (times)	0.25	0.17
Interest coverage (times)	7.36	6.26

A: Audited Note: these are latest available financial results

Status of non-cooperation with previous CRA:

India Ratings and Brickwork have kept the ratings to the bank facilities of Vijendra Pratap Singh in the 'issuer not-cooperating' category vide their press release dated March 14, 2024, and May 13, 2024, respectively, on account of their inability to carryout review in the absence of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	4.50	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	26.50	CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for 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) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	4.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (25-Sep-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (26-Jul-22)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (21-Jun-21)
2	Non-fund-based - ST-Bank Guarantee	ST	26.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (25-Sep-23)	1)CARE A4; ISSUER NOT COOPERATING* (26-Jul-22)	1)CARE A4; ISSUER NOT COOPERATING* (21-Jun-21)

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

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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Disclaimer:

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