

## Vishnu Prakash R Punglia Limited

January 19, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	200.00	CARE BBB-; Stable	Downgraded from CARE BBB; Negative
Long-term / Short-term bank facilities	760.00	CARE BBB-; Stable / CARE A3	LT rating downgraded from CARE BBB; Outlook revised from Negative and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Vishnu Prakash R Punglia Limited (VPRPL) factors in continued high working capital intensity in company's operations in H1FY26 as well (H1FY26 refers to April 01 to September 30), primarily due to elongation of collection period and inventory holding resulting from delays in work certification and payment releases from water supply projects (WSP) in which company has a sizeable exposure. Rating revision also takes note of promoters' significant stake dilution and pledge of shareholding in the current year, though these funds have been invested as interest free unsecured loan to support the company's operations, external debt reduction and liquidity.

Ratings of VPRPL continue to derive strength from company's moderate scale of operations and profitability, supported by a healthy orderbook with geographical and segmental diversification, extensive experience of its promoters and a proven track record in execution of WSP with low counterparty risk. Ratings also take cognisance of reduction in external debt supported by infusion of funds by promoters, resulting in a moderate capital structure and debt coverage indicators, though traction in work certifications and receivables remains crucial from overall project execution and liquidity perspective going forward.

Ratings remain constrained by VPRPL's presence in a highly fragmented and competitive tender-driven construction industry and execution risk associated with slow-moving or recently awarded projects, which are at a nascent stage.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Reduction in working capital intensity (through completion of work certifications and realisation of long-pending receivables mainly from the Jal Jeevan Mission projects), resulting into built up of adequate liquidity cushion.
- Improvement in total debt/profit before interest, lease rentals, depreciation, and taxation (PBILDT) below 3x and sustenance of capital structure.
- Substantial growth in total operating income (TOI) through timely execution of the current orders with PBILDT margin above 12% on a sustained basis.

#### Negative factors

- Decline in PBILDT margin below 9% or major moderation in TOI due to delay in project execution, on a sustained basis.
- Continued high working capital intensity and/or total outside liabilities to tangible net worth (TOL/TNW) rising above 2x.

### Analytical approach: Standalone

#### Outlook: Stable

Revision in the outlook from Negative to Stable factors in expected sustenance in VPRPL's scale of operations, backed by a healthy order book, and sustenance of its capital structure. Stable outlook also factors in CARE Ratings Limited (CareEdge Ratings') expectations that as demonstrated, promoters will continue to support the business operations until the working capital intensity eases.

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

## Detailed description of key rating drivers:

### Key strengths

#### **Healthy orderbook with emphasis on geographical and segmental diversification**

VPRPL had an outstanding order book of ₹5000 crore on September 30, 2025, translating into healthy revenue visibility of 4x FY25 TOI. VPRPL's order book is geographically diversified with orders spread across 11 states, with major orders from Rajasthan (48%), followed by Uttarakhand (16%), Uttar Pradesh (9%), Madhya Pradesh (7%) and 20% orders from other states.

Water supply projects (WSPs) continue to dominate VPRPL's order book, constituting ~57% of outstanding order book; however, VPRPL is focusing on sectoral diversification into the railway and road & civil segments, which comprise ~33% and ~10% of outstanding order book respectively.

Counterparty credit risk remains low as majority orders are from government entities, including urban local bodies, state governments, and the Central Government. However, timely allocation and release of funds for these projects remains crucial considering the significant increase in unbilled revenue, work in progress and receivables, which is adversely impacting the company's cash flow.

#### **Moderate scale of operations and profitability**

As noted in the last review, VPRPL's TOI declined by 16% to ₹1,237.42 crore in FY25 (previous year [PY]: ₹1,473.87 crore), lower-than-envisioned owing to delay in work certification and slow project execution. Further, in H1FY26, the company booked engineering, procurement and construction (EPC) revenue of ₹572 crore (~₹591 crore in H1FY25) and is expected to book revenue of ~₹1,200 crore for the full year FY26, largely in line with the last year.

VPRPL's PBILDT margin stood moderate at 12.56% in FY25 but reduced by 273 bps to 9.83% in H1FY26 due to initial mobilisation expenses booked on newly commenced projects, and marginal moderation in scale in H1. For full year FY26, PBILDT margin is expected to remain above 10% with higher execution expected in H2FY26, per past trend.

#### **Moderate capital structure and debt coverage indicators supported by infusion of promoter funding, which is through stake dilution and share pledge**

In H1FY26, despite high working capital intensity in VPRPL's operations, its external debt reduced by ~31% compared to March 2025 level, supported by promoter infusion of interest-free unsecured loans.

In H1FY26, overall gearing stood below unity with PBILDT interest coverage of 1.60x. As on September 30, 2025, ~33% of total debt comprised interest free unsecured loans from promoters. On an aggregate basis, promoters and promoter group have infused an aggregate amount of ~₹281 crore into the company till date in FY26, to support the business operations. However, this has been done through dilution of promoter stake aggregating 19.18%, and pledging of ~45% of promoter shareholding, which after stake dilution, stands at 48.63%.

#### **Extensive experience with long-standing association of promoters with government clients**

Promoters have an extensive experience of around four decades in the construction industry and are supported by a team of managerial personnel and technical team having relevant experience in their respective fields. VPRPL has an established track record of operations in execution of WSPs across multiple states.

### Key weaknesses

#### **Continued high working capital intensity**

The construction segment is inherently working capital intensive primarily due to funding requirement towards security deposits, and retention amount, apart from funding margin money for non-fund-based facilities. Apart from funding requirement associated with incremental sales, VPRPL's working capital requirement has increased significantly since FY24. This rise is primarily due to elongation of collection period and inventory holding, resulting from delay in work certification and payment releases, mainly from Govt authorities. Gross current assets (GCA) days and working capital cycle have gradually elongated to 510 days and 323 days respectively in FY25, against 204 days and 104 days respectively in FY23.

Working capital intensity continued to remain high in FY26 as well and is expected to remain on similar lines till year end, due to high backlog of pending realisations and work certifications mainly attributable to Jal Jeevan Mission projects. Per the company

management, billing cycle is expected to be streamlined in the next three-four months with gradual release of funds from the Government.

Improvement in working capital intensity and streamlining of operations shall remain crucial from credit perspective. Ratings also take cognisance of termination of a railway contract (of ~Rs.160 crore) by the authority and forfeiture of bank guarantee and security deposit of around Rs.8.87 crore. The matter is subjudice (under High Court). Resolution of the said matter and its impact on the credit profile of the entity shall be monitored.

#### **Execution risk associated with projects at nascent stage of execution**

VPRPL remains exposed to project execution risk, as ~15% of its orderbook pertains to recently awarded projects which are currently at a nascent stage of execution. This apart, another ~23% of orders in VPRPL's orderbook are slow moving, owing to land unavailability, delay in finalisation of designs and drawings, and slow payment releases from the principal.

Since WSPs often have a long gestation period that necessitates preparation of detailed project reports (DPRs), availability of clear right of way (RoW) and permissions from the principal, extension is usually granted without levy of penalties on the company, as delays are largely attributable to counterparties. The company remains exposed to timely execution of these projects.

Rajasthan continues to contribute significantly with 48% of the outstanding orderbook, despite the company focusing on geographical diversification. However, the company's established base in the state mitigates execution risk to an extent.

#### **Presence in an intensely competitive and fragmented construction industry**

VPRPL is a mid-sized player in an intensely competitive and fragmented construction industry, where projects are awarded based on bidder's relevant experience, financial capability and most competitive bid price. Low counterparty credit risk and relatively stable payment track record of projects funded by central and state government bodies, makes these projects lucrative for the contractors. As a result, competition is intense, which places pressure on profit margins.

#### **Profitability susceptible to fluctuations in input prices**

The execution period for contracts awarded to VPRPL usually ranges from 12-30 months. Thus, profitability remains susceptible to input price fluctuations. However, a significant portion of VPRPL's orderbook includes in-built price escalation clause for major inputs, which helps mitigates the risk associated with adverse changes in input prices to a large extent.

#### **Liquidity: Adequate**

The company's liquidity remains adequate with adequate cushion in its gross cash accruals for debt repayment obligations. Utilisation of fund-based limits remained high (above 90%) for 12-months ended December 2025 owing to slowdown in work certifications and payment releases. However, liquidity was supported by infusion of unsecured loans by promoters. Utilisation of non-fund-based limits remained moderate at 70%-80% in this period.

Improved momentum in project progress, certifications and debtor realisation shall remain crucial from liquidity profile.

#### **Assumptions/Covenants: Not applicable**

#### **Environment, social, and governance (ESG) risks: Not applicable**

#### **Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

## About company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

VPRPL (CIN: U45203MH2013PLC243252) was initially formed in 1984 as a partnership concern by Vishnu Prakash Punglia and his family. In 2013, the constitution was changed to Public Limited Company and in September 2023, the company got listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

VPRPL is primarily engaged in execution of civil construction works involving construction of bridges, Road over bridge (ROB), roads, railway stations with major focus on execution of WSP on EPC basis and providing operation and maintenance (O&M) services. The company is registered as 'AA' class contractor with Public Health Engineering Department (PHED), Rajasthan and has a long association with government entities, including urban local bodies.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (Prov.)
Total operating income	1473.87	1237.42	572.09
PBILDT	210.21	155.46	56.26
PAT	122.19	58.60	10.66
Overall gearing (times)	0.59	0.93	0.93
Interest coverage (times)	4.86	2.29	1.58

A: Audited, Prov.: Provisional; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Nil

**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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	200.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	760.00	CARE BBB-; Stable / CARE A3

**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 2025-2026	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
1	Fund-based - LT-Bank Overdraft	LT	200.00	CARE BBB-; Stable	1) CARE BBB; Negative (09-Jun-25)	1) CARE BBB+; Stable (08-Oct-24)	1) CARE BBB+; Positive (27-Oct-23) 2) CARE BBB+; Stable (03-May-23)	1) CARE BBB+; Stable (04-Aug-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	760.00	CARE BBB-; Stable / CARE A3	1) CARE BBB; Negative / CARE A3 (09-Jun-25)	1) CARE BBB+; Stable / CARE A3+ (08-Oct-24)	1) CARE BBB+; Positive / CARE A3+ (27-Oct-23) 2) CARE BBB+; Stable / CARE A3+ (03-May-23)	1) CARE BBB+; Stable / CARE A3+ (04-Aug-22)

LT: Long term; LT/ST: Long term/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-Bank Overdraft	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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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