

Vishnu Prakash R Punglia Limited

February 25, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	200.00	CARE BB+; Negative	Downgraded from CARE BBB-; Stable
Long-term / Short-term bank facilities	760.00	CARE BB+; Negative / CARE A4+	Downgraded from CARE BBB-; Stable / CARE A3

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) considers deterioration in the company's operating performance in 9MFY26 (refers to April 01 to December 31), marked by significant moderation in total operating income (TOI) and operating loss reported in Q3FY26 against management's articulation of largely stable scale, though with some moderation in profitability for current year. Working capital intensity continued to be high till 9MFY26 end, and the losses incurred in Q3FY26 have led to stretched liquidity and slower execution of projects. The rating revision also takes note of the additional pledge of promoter shareholding in February 2026, over and above the significant stake dilution and share pledges considered in the last review in January 2026.

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 that are at a nascent stage.

CARE Ratings Limited (CareEdge Ratings) notes that while the orderbook continues to remain healthy and geographically and segmentally diversified, timely execution of the same remains crucial.

Ratings of VPRPL continue to derive strength from its promoters' extensive experience and a proven track record in execution of water supply projects (WSP) with low counterparty risk. Ratings also note 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 for overall project execution and liquidity considering the near term.

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 4x and sustenance of capital structure.
- Substantial growth in TOI through timely execution of the current orders with PBILDT margin above 9% on a sustained basis.

Negative factors

- Decline in PBILDT margin below 5% or major moderation in TOI due to delay in project execution, on a sustained basis.
- Continued high working capital intensity adversely impacting the debt coverage indicators.
- Total outside liabilities to tangible net worth (TOL/TNW) rising above 2.5x.

Analytical approach: Standalone

Outlook: Negative

Revision in the outlook from 'Stable' to 'Negative' factors in CARE Ratings Limited (CareEdge Ratings) expectation of continued subdued performance by VPRPL in the near term owing to continued high working capital intensity, which may further impact the entity's debt coverage indicators and liquidity profile.

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

Detailed description of key rating drivers:**Key weaknesses****Moderate scale of operations, significant decline in profitability**

As noted in the last review, VPRPL's TOI declined by 16% to ₹1,237.42 crore in FY25 (FY refers to April 01 to March 31) [PY: ₹1,473.87 crore], lower-than- envisaged due to delay in work certification and slow project execution. In 9MFY26, the company booked engineering, procurement and construction (EPC) revenue of ₹749.57 crore [~₹832.36 crore in 9MFY25], with significant moderation in scale in Q3FY26 compared to last quarters due to slowdown in work execution. Consequently, full-year FY26 revenue is expected to remain subdued compared to FY25.

The company reported an operating loss in Q3FY26 due to lower absorption of fixed costs, subdued gross margin and provisioning for expected credit loss (ECL) of ₹17 crore. As a result, profit before interest, lease rentals, depreciation and taxation (PBILDT) margin moderated to 4.43% in 9MFY26, compared to 13.19% in 9MFY25 and 12.50% in FY25. With this, full-year margins are also expected to remain subdued.

Continued high working capital intensity

The construction segment is inherently working capital intensive primarily due to funding requirement towards security deposits and retention amounts, 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 (FY refers to April 01 to March 31). This rise is primarily due to elongation of collection period and inventory holding, resulting from delay in work certification and payment releases, mainly from government 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 and is expected to remain on similar lines till year end, due to high backlogs of pending realisations and work certifications mainly attributable to Jal Jeevan Mission projects.

Improvement in working capital intensity and streamlining of operations will remain crucial for credit perspective. Ratings also take cognisance of termination of a railway contract (~₹160 crore) by the authority and forfeiture of bank guarantee and security deposit of ~₹8.87 crore. Considering this, the company has booked loss of ~₹9.96 crore in Q3FY26. The matter is sub-judice (under the High Court). Resolution of the matter and its impact on the credit profile of the entity will 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. Resultantly, 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 to 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 mitigate the risk associated with adverse changes in input prices to a large extent.

Key strengths

Healthy orderbook, though timely execution remains crucial

VPRPL had an outstanding order book of ₹5,000 crore on September 30, 2025 [₹4,500 crore on February 19, 2026], translating into healthy revenue visibility of 4x FY25 TOI (FY refers to April 01 to March 31). 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% from other states.

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 and 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.

Reduction in external debt position despite through stake dilution and significant share pledge

In 9MFY26, despite high working capital intensity in VPRPL's operations, its external debt reduced by ~43% compared to March 2025 level, supported by promoter infusion of interest-free unsecured loans.

As on December 30, 2025, ~39% of total debt comprised interest free unsecured loans from promoters. On an aggregate basis, promoters and promoter group have infused an aggregate amount of ~₹290 crore into the company till date in FY26, to support the business operations. However, this been done through dilution of promoter stake aggregating 19.18%, and significant pledging of ~69% of promoter shareholding. Also, with operating loss reported in Q3FY26, PBILDT interest coverage of the company has deteriorated to 0.66x as on December 31, 2025, against 2.29x as on March 31, 2025.

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

Promoters have around four decades of extensive experience 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.

Liquidity: Stretched

Subdued profitability and continued high working capital intensity has adversely impacted the company's liquidity, necessitating infusion of funds through incremental shares pledge. Utilisation of fund-based limits remained high (over 90%) in 12-months ended December 2025, and non-fund-based limits remained utilised at ~71% as on January 15, 2026.

The company has monthly scheduled repayment of ~₹5 crore, against which it has booked cash loss of ~₹31 crore in Q3FY26, resulting in stretched liquidity.

Improved momentum in project progress, certifications, and debtor realisation will remain crucial for its liquidity profile.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the 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 executing 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)	9MFY26 (Prov.)
Total operating income	1473.87	1237.42	749.57
PBILDT	210.21	155.46	33.20
PAT	122.19	58.60	(19.33)
Overall gearing (times)	0.59	0.93	0.88
Interest coverage (times)	4.86	2.29	0.66

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

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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 BB+; Negative
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	760.00	CARE BB+; Negative / CARE A4+

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 BB+; Negative	1)CARE BBB-; Stable (19-Jan-26) 2)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 BB+; Negative / CARE A4+	1)CARE BBB-; Stable / CARE A3 (19-Jan-26) 2)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.

Contact us

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