

## Vagmine Enterprises

March 24, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	72.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	103.00	CARE BB+; Stable / 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

Vagmine Enterprises (VE) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. In line with the extant SEBI guidelines, the ratings on VE's bank facilities will now be denoted as '**CARE BB+; Stable; ISSUER NOT COOPERATING/ 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 ratings assigned to the bank facilities of Vagmine Enterprises (VE) are constrained by moderate debt coverage indicators and working capital intensive nature of operations. The ratings also factor in highly competitive industry owing to tender driven nature of business, susceptibility of margins towards construction material price volatility, geographically concentrated order book position and partnership nature of constitution of the entity. However, these ratings derive comfort from healthy order book and growing scale of operations. The ratings also take cognizance of moderate financial risk profile and experience partners in the industry.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers

At the time of last rating on April 17, 2025 the following were the rating strengths and weaknesses(updated from information available from company).

#### Key weaknesses

##### Moderate debt coverage indicators

Firm's debt coverage stood moderate as a result of moderate profitability with moderate leverage position with interest coverage of 1.98x in FY25 compared to 1.89x in FY24 and TD/GCA at 9.06 years as on March 31, 2025 compared to 9.23 years as on March 31, 2024.

##### Working capital intensive nature of operations

Operations of the firm are working capital intensive as marked by gross current asset days of 182 days as on March 31, 2025. Further, Operating cycle although shortened but remained elongated to 97 days as on March 31, 2025 (P.Y: 126 days) owing improved recovery of receivables as evident by a lower collection period of 42 days as on March 31, 2025 compared to 82 days as on March 31, 2024.

##### Highly competitive industry owing to tender driven nature of business

VE 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. Construction projects are complex and might lead to delays caused by unforeseen circumstances like adverse weather conditions and material shortages. These delays can trigger cost overruns, which in turn impact the budget and profitability of the firm. VE

<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.

revenue stream is solely derived from tender-based projects, making its success contingent upon its ability to secure these contracts. The intense competition within the industry puts immense pressure on profit margins.

#### **Susceptibility of margins towards construction material price volatility**

The basic input materials for execution of construction projects and works contracts are steel, stone chips, bitumen, cement etc. Furthermore, the operating margin of the firm is exposed to any sudden spurt in the input material prices along with an increase in labour prices being in labour intensive industries. To tackle raw material price fluctuation risk, the firm has in-built price escalation clauses in most of its contracts.

#### **Geographical concentrated order book position**

The firm majorly operates in Uttar Pradesh and Uttarakhand region thus, exposing the firm to geographical concentration risk & vulnerability related to regional economic downturns, political instability, and any adverse change in government policy and rules & regulations related to construction activities which may impact firm's performance.

#### **Partnership nature of constitution**

VE's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners. Moreover, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factor affecting credit decision for the lenders. The partners of the firm have infused capital of Rs. 5.66 crore during FY25 compared to withdrawal of Rs. 0.76 crore during FY24.

#### **Key strengths**

##### **Growing scale of operations**

The operational performance of the firm improved to Rs. 368.48 crore in FY25 compared to Rs. 181.24 crore in FY24, primarily due to better execution of orders. The PBILDT margin remained in line with the previous year and stood at 7.99% in FY25 (PY: 7.53%) while PAT margin moderated to 1.81% in FY25 (PY: 2.23%) owing to higher interest and depreciation costs, however, improved in absolute terms to Rs. 6.67 crore in FY25 (PY: 4.05 crore). Furthermore, the firm has reported a revenue of Rs. 222.41 crores for 9MFY26 while profit margins remained in line with FY25.

##### **Healthy Order book position**

The firm has an unexecuted order book worth Rs. 1323 crore as on January 31, 2026 translating to an order book to FY25 TOI ratio of 3.60x thereby providing strong revenue visibility in the medium term. The current order book of the firm is from government and quasi government entities, where the counterparty risk is low. The firm seeks cost escalation from the authority depending on the period of delay since any changes in the government spending or policy are likely to affect the revenue.

##### **Moderate financial risk profile**

The firm's capital structure moderated due to an increased reliance of external debt namely term loan and working capital utilization. However, it continues to remain comfortable marked by an overall gearing and TOL/TNW of 1.56x and 2.08 as on March 31, 2025 compared to 0.92x and 1.15x as on March 31, 2024.

##### **Experienced partners**

VE is promoted by Sandeep Jhavar, with a postgraduate degree in Accountancy and 18 years of experience in the packaging industry, Solar Power Generation, and Civil Construction sectors. Paresh Kumar Agarwal holds a master's degree in accountancy and has 21 years of experience managing a Rice Mill, Civil Construction of Multi-storeyed Housing Complexes, and the infrastructure sector, including government contracts. Pankaj Goel and Saksham Goel with an industry experience of 21 years and 8 years, respectively, in Packaging industry, Foam Industry and Civil Construction work. Further, Ankur Agarwal holds an experience of 21 years in Rice Mills and Civil Construction and infrastructure sector. Together, VE's partners bring extensive expertise in their respective fields.

##### **Liquidity: Stretched**

Liquidity remains stretched owing to tightly matched GCA vis-à-vis gross loan repayments, high utilisation of its working capital limit, negative cash flow from operations and low cash and bank balance. The firm has low cash and bank balance of Rs. 0.27 crore as on March 31, 2025. Furthermore, the firm's cash-flow from operations also remained negative of Rs. 3.17 crore during FY25. While, the utilisation of its working capital limit also remained high at 90%. The operations of the firm are capital intensive in nature as marked by high operating cycle of 97 days as on March 31, 2025. The current and quick ratio of the firm stood at 1.52x and 0.79x as on March 31, 2025.

**Assumptions/Covenants:** Not applicable

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

**Applicable criteria**

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Construction Sector](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Short Term Instruments](#)

**About the firm and industry**

**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Bareilly-based Vagmine Enterprises (VE), established as a partnership firm in 2019 and is currently managed by Sandeep Jhavar, Paresh Kumar Agarwal, Pankaj Goel, and Saksham Goel. As on March The firm has completed several projects, including canal maintenance in Kanpur, the construction of a housing society, the Charbagh Railway Station in Lucknow, and the Bareilly District Jail, among others in Uttar Pradesh. Vagmine Enterprises primarily undertakes government construction projects for various bodies such as Rail Land Development Authority (RLDA), Public Works Department (PWD), Ayodhya Development Authority (ADA), bridge, ropeway, tunnel and other infrastructure development corporation of Uttarakhand Limited (BRIDCUL), Bhubaneswar Smart City Limited (BSCL), and Uttar Pradesh State Industrial Development Authority (UPSIDA).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	181.24	368.48	222.41
PBILDT*	13.64	29.43	17.72
Profit after tax (PAT)	4.05	6.67	3.60
Overall gearing (x)	0.92	1.56	-
Interest coverage (x)	1.89	1.98	2.10

A: Audited, UA: Unaudited; Note: these are latest available financial results

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

**Status of non-cooperation with previous CRA:** Not applicable

**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-Cash Credit		-	-	-	72.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	103.00	CARE BB+; Stable / 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 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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	103.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	1)CARE BB+; Stable / CARE A4+ (17-Apr-25)	-	-	-
2	Fund-based - LT-Cash Credit	LT	72.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Stable (17-Apr-25)	-	-	-

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

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-Cash Credit	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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