Vishnu Prakash R Punglia Limited

June 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	200.00	CARE BB-; Negative; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Negative and moved to ISSUER NOT COOPERATING category
Long-term / Short-term bank facilities	760.00	CARE BB-; Negative / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Negative / CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Vishnu Prakash R Punglia Limited (VPRPL) to monitor the ratings vide e-mail communications dated June 04, 2026, June 02, 2026, and April 09, 2026 and numerous phone calls. However, despite repeated requests, the company has not provided the requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the ratings based on the best available information, which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Ratings on VPRPL's bank facilities will now be denoted as '**CARE BB-; Negative/ CARE A4; ISSUER NOT COOPERATING'.**

Users of these ratings (including investors, lenders and public at large) are hence requested to exercise caution while using the above rating(s).

Revision in ratings assigned to bank facilities of VPRPL considers significant deterioration in the company's operating performance in Q4FY26 (FY refers to January 01 to March 31) and full year FY26 (FY refers to April 01 to March 31), marked by moderation in total operating income (TOI) and significant operating loss and cash loss reported in Q4FY26, though cash flow from operations remained positive aiding the principal and interest servicing obligations. Working capital intensity continued to be high till FY26 end, as evident from continued additional pledging of shares and stake dilution by promoters to infuse liquidity in the business. CareEdge Ratings takes note of high pledging of shares by promoters, which stands at ~93% of their holding as on the latest date. Considering slower execution of projects with high working capital intensity, liquidity remains stretched. Ratings further 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.

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, though traction in work certifications and receivables remains crucial from an overall project execution and liquidity perspective.

CareEdge Ratings notes that while the order book (as of September 2025 end) stood healthy and geographically and segmentally diversified, timely execution of the same remains crucial with latest update on the same not being available.

Analytical approach: Standalone

Outlook: Negative

'Negative' outlook reflects CareEdge Ratings' expectation of continued subdued performance by VPRPL in the near term owing to slow execution of works on hand with continued high working capital intensity, which may further impact the entity's debt coverage indicators and liquidity profile.

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

Detailed description of key rating drivers:

At the time of last rating on February 25, 2026, following were the rating strengths and weaknesses considered (updated for Published Q4FY26 [Unaudited] and FY26 [Abridged] financials) and other BSE announcements.

Key weaknesses

Moderation in scale of operations, with significant deterioration in profitability

VPRPL's TOI for FY26 stood at ₹851.20 crore [PY: ₹1,237.42 crore], lower-than-envisaged due to delay in work certification and slow project execution, mainly in Q3FY26 and Q4FY26 compared to the corresponding quarters of the previous year.

The company reported an operating loss and loss before tax of ₹130.43 crore and ₹151.77 crore in Q4 FY26. This resulted in a cash loss of ~₹150 crore in Q4FY26. However, the company has booked positive cash flow from operations of ₹141.78 crore for full year FY26, which has aided principal and interest servicing obligations.

Operating loss reported in Q4FY26 was mainly owing to lower absorption of fixed costs, subdued gross margin, one-time expense of ₹12.46 crore incurred for the terminated contract and provisioning for expected credit loss (ECL) for long-standing receivables of ₹65 crore. Resultantly, the company has booked a cash loss of ~₹156 crore for FY26.

Continued high working capital intensity

The construction segment is inherently working-capital-intensive primarily due to funding requirements for security deposits and retention amounts, apart from margin money funding for non-fund-based facilities. Apart from funding requirements associated with incremental sales, VPRPL's working capital requirement has increased significantly since FY24 (FY refers to April 01 to March 31). This rise was primarily due to elongated collection period and inventory holding, resulting from delays in work certification and payment releases, mainly from government authorities. Collection days and inventory days remained elongated at 277 days (PY: 204 days) and 305 days (PY: 209 days), respectively, in FY26, against 48 days and 87 days, respectively, in FY23.

Working capital intensity remained high till end-FY26, due to high backlogs of pending realisations and work certifications mainly attributable to Jal Jeevan Mission projects.

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. In May 2026, Rajasthan High Court granted interim protection by staying encashment of a bank guarantee in the terminated railway contract disputes, reducing immediate financial impact pending further hearings. Despite this, the company has recognised expected credit loss of ₹9.96 crore in Q3FY26 pertaining to this project.

Execution risk associated with projects at nascent stage of execution

VPRPL remains exposed to project execution risk, as ~15% of its outstanding orderbook as on September 30, 2025, pertained to newly awarded projects at a nascent stage of execution. This apart, another ~23% of orders in VPRPL's orderbook were 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 contributed significantly with 48% of the outstanding orderbook, despite the company focusing on geographical diversification.

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 mitigates 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]. 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 remained 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 though through stake dilution and significant share pledge

Despite the inherently high working capital intensity of its operations, VPRPL reduced its external debt by ~43% as on December 31, 2025, compared to the level as on March 31, 2025. The reduction was primarily supported by substantial promoter funding in the form of interest-free unsecured loans and equity infusion.

As on December 31, 2025, interest-free unsecured loans from promoters constituted ~39% of the company's total debt. promoters and promoter group entities infused an aggregate amount of ~₹281 crore into the company up to January 9, 2026, including ₹200 crore through stake dilution and ₹50.4 crore through funds raised against pledged shares, providing critical liquidity support for business operations.

However, this has been done through significant reduction in promoter ownership and increased encumbrance of promoter holdings. Promoters diluted an aggregate 19.18% stake during the period, while ~69% of promoter shareholding had been pledged as of January 2026. Subsequently, additional shares were pledged to meet liquidity and margin requirements, resulting in overall promoter share pledging increasing to ~93% of their holding as on date. Consequently, promoter shareholding declined to 44.61% as on March 31, 2026, from 67.81% as on March 31, 2025.

Notwithstanding the moderation in leverage, the company's debt protection metrics weakened considerably owing to deterioration in operating performance. With operating losses reported in Q3FY26, profit before interest, lease rentals, depreciation and taxation (PBILDT) interest coverage declined to 0.66x as on December 31, 2025, from 2.29x as on March 31, 2025. The increased operating losses in Q4FY26 and cash losses for the full year FY26 has further impacted debt coverage indicators, exerting pressure on the overall credit profile.

Overall gearing (excluding mobilisation advances) and total outside liabilities to total net worth (TOL/TNW) of company stood moderate at 0.98x (PY: 0.93x) and 1.86x (PY: 1.52x), respectively, at FY26 end.

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

The significant operational losses reported in Q4FY26 and cash loss registered for full year FY26 and continued high working capital intensity, have adversely impacted the company's liquidity, necessitating infusion of funds through incremental share pledge. Per lender feedback, utilisation of fund-based limits remained high (over 90%) in the trailing 12-month period and non-fund-based limits remained utilised at ~60-70% in the same period.

The company has monthly scheduled repayment of ~₹3.5 crore in FY27 (per last available information), against which it has booked cash loss of ~₹156 crore in FY26, resulting in stretched liquidity.

Improvement in momentum in project progress, certifications, and debtor realisation will remain crucial for its 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
Information Adequacy Risk and Issuer Non-Cooperation
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)	FY26 (Abridged)
Total operating income	1,473.87	1,237.42	851.20
PBILDT*	210.21	155.46	(82.08)
Profit after tax (PAT)	122.19	58.60	(150.12)
Overall gearing (x)	0.59	0.93	^0.98
Interest coverage (x)	4.86	2.29	NM

A: Audited, NM: Not Meaningful Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax
^Overall gearing calculated for FY26 is excluding mobilisation advances.

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; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	760.00	CARE BB-; Negative / 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 2026-2027	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
1	Fund-based - LT-Bank Overdraft	LT	200.00	CARE BB-; Negative; ISSUER NOT COOPERATING*	-	1)CARE BB+; Negative (25-Feb-26) 2)CARE BBB-; Stable (19-Jan-26) 3)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)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	760.00	CARE BB-; Negative / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Negative / CARE A4+ (25-Feb-26) 2)CARE BBB-; Stable / CARE A3 (19-Jan-26) 3)CARE BBB;	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)

						Negative / CARE A3 (09-Jun-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-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

Annexure-6: List of entities consolidated: Not applicable

Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments2
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments2
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating reports subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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