Vishnu Prakash R Punglia Limited

August 26, 2026

Rating Action

Total Bank Loan Facilities Rated	**Rs. 960.00 Crore**	**Regulator^**
Long Term Rating	**IVR BB+/Stable (Rating Assigned)**	**RBI**
Short Term Rating	**IVR A4+ (Rating Assigned)**	**RBI**
^Kindly note that for activities or 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.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

Rationale

The ratings assigned to Vishnu Prakash R Punglia Limited (VPRPL) reflect the company's healthy order pipeline, experienced management, and long-standing presence in the infrastructure industry. The ratings are further supported by the company's established track record and growth prospects, subject to timely execution of its ongoing and upcoming projects. However, these strengths are partially offset by its moderate financial risk profile and stretched working capital cycle. The company also remains exposed to the tender-based nature of operations and intense competition, along with execution risks associated with nascent and slow-moving projects.

Outlook: Stable

The 'Stable' outlook reflects the expectation that Vishnu Prakash R Punglia Limited (VPRPL) will continue to benefit from its established market position, experienced management, long-standing presence in the infrastructure industry, and healthy order pipeline. These strengths are expected to support sustained business growth and stable operating performance, while maintaining a moderate and manageable financial risk profile over the medium term.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

Healthy Order Pipeline, Subject to Timely Project Execution

The company currently has an unexecuted order pipeline of approximately Rs. 4,391 crore spanning water supply, railway, road, civil, and sewerage projects. This diversified portfolio provides strong revenue visibility over the next 2–3 years. However, timely execution remains critical, as delays in certification, elections, and departmental approvals during FY25–FY26 adversely affected operating income, margins, and cash flows. Going forward, efficient execution of major water supply contracts across Rajasthan, Uttar Pradesh, Uttarakhand, and Madhya Pradesh, alongside railway station redevelopment and civil projects, will be key to achieving the projected ~11.5% CAGR in TOI between FY26 and FY29. Overall, while the company's order book remains robust and well diversified, its financial recovery will ultimately depend on its ability to convert this strong pipeline into revenues through timely and efficient project execution.

Experienced management and long-standing presence in the infrastructure industry

VPRPL is an integrated engineering, procurement and construction (EPC) company with long standing presence of more than four decades in construction and execution of infrastructure projects especially water supply projects (WSP). The company is promoted by the Punglia family and derive comfort from the decades of promoter's experience and well qualified team of management personnel.

Weaknesses

Moderate financial risk profile

The company's capital structure weakened in FY26, with tangible net worth declining to Rs. 583.62 crore from Rs. 773.33 crore in FY25, primarily due to reported losses. Consequently, overall gearing increased to 1.12x as on March 31, 2026, compared with 0.91x in FY25, while the TOL/TNW ratio rose to 2.14x from 1.59x. Debt protection metrics also deteriorated significantly, with DSCR declining to –0.37x from 1.36x and ISCR to –1.11x from 2.29x, reflecting negative operating cash flows and greater dependence on working capital borrowings. The weakening in coverage indicators was primarily driven by higher finance charges of Rs. 73.85 crore and continued reliance on short-term debt. Although promoter support provided some near-term liquidity relief, the company's financial risk profile remains moderate. A sustained improvement will depend on timely execution of the healthy order pipeline, stronger cash generation, and restoration of adequate debt-servicing capacity.

Stretched working capital cycle

The company's operating cycle has witnessed a significant elongation over the last three financial years, increasing from around 50 days in FY23 to approximately 105 days in FY24 and further to 188 days in FY25 and about 237 days in FY26. This elongation has primarily been driven by a sharp increase in inventory and collection periods. Inventory days rose to 309 in FY26 (FY25: 212), reflecting build-up of work-in-progress due to delays in work certification and slow project execution. These delays were mainly attributable to state elections in Rajasthan and Madhya Pradesh, as well as the central elections, further the certification and approvals were impacted by certain departmental delays which adversely impacted project momentum. Furthermore, owing to the same factors, payment releases from government departments and agencies were delayed. Additionally, requirements relating to security deposits and retention money led to a further stretch in receivable cycles, resulting in elevated collection periods of 150 days in FY26 (FY25: 107 days). The current ratio moderated to 1.34x as on March 31, 2026, compared to 1.51x as on March 31, 2025, reflecting the impact of continued working capital intensity on liquidity.

Exposure to tender based nature of operations and competitive industry

The company majorly procures orders which are awarded through the tender-based system wherein the scale of operation is dependent on the successful bidding and receipt of tenders. This exposes the company to the risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. This apart, any changes in the government policy or government spending on projects are likely to affect the revenues and profits of the company. The EPC industry is highly competitive with direct competition from several EPC players in the construction industry and the intense competition could exsert pressure on the pricing of the tender which further may affect the profit margins. In addition to that, given the nature of projects awarded mainly though government entity, the company is exposed to inherent risk in terms of delays in project execution & cost overrun of certain orders which may arise due to approvals, arranging infrastructure, political interference, fluctuation in raw material prices, besides delay in sanction of required working capital limits for the completion of orders, may result in a delay in the realization of revenue growth & could affect the profit margins adversely.

Execution Risk Associated with Nascent and Slow-Moving Projects

VPRPL continues to face execution risk, with a portion of its outstanding order book comprising projects at a very early stage of execution. These include recently awarded contracts in Assam, Gujarat, Uttarakhand, Haryana, and Rajasthan, where physical progress remains limited. In addition, a sizeable share of the order book consists of slow-moving projects, impacted by land acquisition delays, pending design approvals, and slow payment releases from government authorities. Large water supply projects, particularly in Uttarakhand, Uttar Pradesh, and Madhya Pradesh, tend to have long gestation periods requiring detailed project reports, right-of-way clearances, and multiple departmental permissions. While extensions are generally granted without penalties—since delays are largely attributable to counterparties—the company's revenue recognition remains vulnerable to these bottlenecks. Geographically, Rajasthan continues to account for a significant portion of the order book despite diversification efforts, heightening exposure to state-level administrative and political factors. Timely execution of major water supply and railway station redevelopment projects will therefore be critical for VPRPL's financial recovery.

Susceptibility of operating margin to volatile input prices

The raw material & labour cost forms the majority chunk of the total cost of revenue. As the raw material prices & labour cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour cost. However, the risk is partly mitigated by the escalation clause in majority of projects.

Liquidity –Stretched

The operational losses reported in Q1FY27, and 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. Utilisation of fund-based limits remained high (over 90%) in the trailing 12-month period ended May 2026 and non-fund-based limits remained utilised at ~70% in the same period. The company has scheduled repayment of ~Rs. 42 crores in FY27, against which it has booked loss of ~Rs.156 crore in FY26, resulting in stretched liquidity. Going forward, improved project execution, timely certification of work completed, and faster collection of receivables will be critical to strengthening cash flows and supporting liquidity.

Rating Sensitivities

Upward Factors

- Sustained growth in scale of operations (TOI) with operating profitability (EBITDA margin) maintained above 12% & movement of order book as per the execution schedule.
- Improvement in overall liquidity profile of the company as a result of improved working capital efficiency coupled with timely project execution

Downward Factors

- Further elongation in operating cycle on sustained basis and/or Total Debt / EBITDA ratio remain elevated on sustained basis.
- Further decline in the scale of operations resulting in moderation of profitability indicators. and non-achievability of projections by sizeable gap.

About the Company

Established in the year 1986 as a partnership firm and converted into a public limited company in 2013, Vishnu Prakash R Punglia Limited (VPRPL) is an integrated engineering, procurement and construction (EPC) company with experience in design and construction of infrastructure projects. The company got listed on the BSE and NSE on September 5, 2023. The company is promoted by the Punglia family who are in the EPC business for last 4 decades. VPRPL's principal business operations are broadly divided into four categories i.e. water supply projects, railway projects, road projects and civil construction. The company primarily serves Central and State Governments, autonomous bodies, and select private sector clients. VPRPL operates across 11 states Rajasthan, Uttarakhand, Uttar Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Haryana, Maharashtra, Manipur and Madhya Pradesh. The Company focuses exclusively on EPC contracts in roads and highways, with or without operations and maintenance, while avoiding Hybrid Annuity Model (HAM) and Build-Operate-Transfer (BOT) models to ensure prudent debt management and stable cash flows, and remains aligned with national infrastructure initiatives such as Jal Jeevan Mission (JJM) and Atal Mission for Rejuvenation and Urban Transformation (AMRUT).

Key Financial Indicators (Standalone)

(Rs. in crore)

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY27
	Audited	Audited	Unaudited
Total Operating Income	1237.42	851.20	137.88
EBITDA	155.46	-82.08	-34.02
PAT	58.60	-150.11	-39.32
Total Debt	707.23	654.83	NA#
Tangible Net Worth (TNW)	773.33	583.62	NA#
EBITDA Margin (%)	12.56	-9.64	-24.67

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY27
PAT Margin (%)	4.70	-17.43	-28.20
Overall Gearing (times)	0.91	1.12	NA#
Interest Coverage (times)	2.29	-1.11	-2.57

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*
#Not Available

Applicable Criteria

Rating Methodology for Infrastructure Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition
Complexity Level of Rated

Status of non-cooperation with previous CRA: As per the Press Release dated June 09, 2026, CARE Ratings Limited migrated the ratings under Issuer Not Cooperating' category due to non-availability of information to monitor the ratings.

Any other information: None

Rating History for last three years

Sr. No.	Instruments / Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023-24
					-	-	-
1.	Fund based facilities	LT	200.00	IVR BB+/ Stable	-	-	-
2.	Non-Fund based facilities	ST	760.00	IVR A4+	-	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Overdraft	-	-	-	-	100.00	IVR BB+/ Stable	NA	RBI	Simple
Overdraft	-	-	-	-	70.00	IVR BB+/ Stable	NA	RBI	Simple
Overdraft	-	-	-	-	5.00	IVR BB+/ Stable	NA	RBI	Simple
Overdraft	-	-	-	-	15.00	IVR BB+/ Stable	NA	RBI	Simple
Overdraft	-	-	-	-	10.00	IVR BB+/ Stable	NA	RBI	Simple

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Bank Guarantee	-	-	-	-	275.00	IVR A4+	NA	RBI	Simple
Bank Guarantee	-	-	-	-	285.00	IVR A4+	NA	RBI	Simple
Bank Guarantee	-	-	-	-	75.00	IVR A4+	NA	RBI	Simple
Bank Guarantee	-	-	-	-	85.00	IVR A4+	NA	RBI	Simple
Bank Guarantee	-	-	-	-	40.00	IVR A4+	NA	RBI	Simple

^Kindly note that for activities or 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.

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/Len_Vishnu_Prakash_R_Punglia26_Aug26_6fcfc8ebcd.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators:

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
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 Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, 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 Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI

Sr. No.	Instrument / activity Name	Regulator of the instruments
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

** 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), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with 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 during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

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