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Vijay Kumar Mishra Construction Private Limited

February 14, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	50.69* (enhanced from Rs.46.53 Cr)	IVR BBB+/ Stable (IVR triple B plus with Stable Outlook)	IVR BBB+/ Stable (IVR triple B plus with Stable Outlook)	Rating reaffirmed	Simple
Short Term Bank Facilities	284.31 (enhanced from Rs.227.80 Cr) (including proposed limits of Rs.30 Cr)	IVR A2 (IVR A two)	IVR A2 (IVR A two)	Rating reaffirmed	Simple
Total	335.00 (INR three hundred and thirty five crore only)				

(*The proposed cash credit and term loan limits rated in the previous year amounting to Rs. 14.52 Cr and Rs. 6 Cr has been withdrawn at the request of the company, and is in line with Infomerics policy on withdrawal.)

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has reaffirmed the ratings assigned to the bank facilities of Vijay Kumar Mishra Construction Private Limited (VKMCPL), which derives strength from experienced management, established track record of operations and healthy order book position indicating revenue visibility. The ratings also favourably factors in the above average financial risk profile and efficient working capital management of the company. However, these rating strengths are constrained due to susceptibility of profitability to volatile input price, tender driven nature of business in highly fragmented & competitive operating scenario and contract execution risk.

The outlook of VKMCPL is expected to remain stable on account of healthy order book position indicating revenue visibility in the medium term.

Infomerics has also withdrawn the outstanding long-term rating of 'IVR BBB+/ Stable' assigned to the proposed cash credit and proposed term loan of VKMCPL with immediate effect. The



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withdrawal has been taken at the request of VKMCPL. The ratings are withdrawn in accordance with Infomerics' policy on withdrawal. Link to the withdrawal policy is provided below.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in scale of operations with improvement in profitability and cash accruals.
- Improvement in the capital structure and debt protection metrics on a sustained basis.
- Managing working capital requirement efficiently leading to improvement in the operating cycle with improvement in liquidity.

Downward Factors

- Decline in the revenue and/ or profits leading to an overall deterioration in the financial risk profile of the company.
- Moderation in the capital structure and/ or coverage indicators.
- Elongation in the operating cycle with moderation in liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management and established track records of operations**

The promoter of the company, Mr. Vijay Kumar Mishra, currently working as Managing Director, has longstanding experience in executing projects in civil infrastructure, which has enabled strong relations with customers and suppliers thus strengthening the operational risk profile of the company. The company's day-to-day operations are looked after by Mr. Vijay Kumar Mishra, Mr. Arvind Kumar Mishra, Mr. Vineet Mishra and Mr. Vikash Mishra, directors of the company along with a team of experienced professionals. The company has established its track record of operations since 2004 and demonstrated its ability to execute large projects.

- **Steady business risk profile buoyed by healthy order book indicating revenue visibility**

VKMCPL has achieved revenues of Rs.614.49 Cr in FY2024 (refers to the period April 1st, 2023, to Mar 31, 2024) as compared to Rs.337.98 Cr in FY2023 (refers to the period April 1st, 2022, to Mar 31, 2023), thereby registering a y-o-y growth of 81.81%. The company has



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achieved revenues of around Rs.354.54 Cr in 9MFY2025 (refers to the period April 1st, 2024, to December 31, 2024) (Provisional). The growth in top line is on account of better order execution as well as thrust in the infrastructure sector. The company has a healthy unexecuted order book of Rs.2034.90 Cr, as on December 31, 2024, that is to be executed within a span of 24-48 months, which is around 3.31x the current revenue of FY2024, thus providing revenue visibility in near to medium term.

- **Healthy financial risk profile supported by comfortable leverage structure**

The capital structure of the company has remained comfortable with its satisfactory net worth base supported by its low reliance on external debt. The tangible net worth (TNW) of the company improved to Rs.95.16 Cr as on March 31, 2024, from Rs.72.22 Cr as on March 31, 2023, due to accretion of reserves. The gearing of the company stood comfortable at 0.67x times as on March 31, 2024, as against 0.59x as on March 31, 2023. However, the Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood moderate at 1.26x as on March 31, 2024, as against 1.03x as on March 31, 2023. The debt protection metrics of VKMCPL stood comfortable marked by Interest Coverage Ratio at 6.56x as on March 31, 2023, and Debt Service Coverage Ratio at 2.76x as on March 31, 2023. Further, the total debt/EBITDA stood moderate at 1.68x as on March 31, 2024. Going forward, the financial risk profile of the company will remain above average with no major debt funded capex plans.

- **Efficient working capital management**

The working capital management of the company is efficient marked by the operating cycle, which stood at 54 days as on 31st March 2024 as compared to 65 days as on 31st March 2023. The operating cycle of the company is predominantly driven by the low debtor and inventory level during the same period. The debtor period stood at 57 days as on 31st March 2024 as compared to 73 days on 31st March 2022. Further, the inventory holding stood at 16 days as on 31st March 2024 as compared to 10 days as on 31st March 2023. The working capital management of the company will remain at similar levels over the medium term owing to the nature of the industry.

Key Rating Weaknesses

- **Susceptibility of profitability to volatile input price**



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Major raw materials used in construction activities are steel and cement which are usually sourced from large players at proximate distances. The input prices are generally volatile and consequently the profitability remains susceptible to fluctuation in input prices. However, the presence of escalation clause in most of the contracts imparts comfort to an extent.

The profitability margins of the company decreased on account of an increase in overhead cost. EBITDA margin of the company decreased to 6.17% in FY2024 from 9.06% in FY2023 and PAT margin decreased to 3.71% in FY2024 from 5.27% in FY2023. RoCE for the company of stood comfortable at 24.40% in FY2024. Going forward, the sustenance in the growth of the profitability margins of the company will be a key rating monitorable.

- **Tender driven nature of business in highly fragmented & competitive operating scenario**

The domestic infrastructure works sector is highly crowded with presence of many players with varied statures & capabilities due to which profitability margins come under pressure. Further, the company receives its work orders from government departments through tenders floated by the departments. Economic vulnerability in developing markets, delay in payments from the Government, project execution risk and fluctuating input costs are the key business risk faced by the company is the sector.

- **Contract execution risk**

The company is exposed to project execution risk of the pending order book, owing to the uncertainties in the EPC business. The ability of the company to execute the projects without delay would be a key rating monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Policy on default recognition](#)

[Complexity level of rated Instruments/Facilities](#)

[Policy On Withdrawal Of Ratings](#)



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Liquidity– Adequate

The company has adequate liquidity position marked by sufficient net cash accruals which stood at Rs.26.84 Cr as on March 31, 2024, as against long-term debt repayment of Rs. 6.06 Cr over the same period. The cash and bank balances of the company stood at Rs.0.25 Cr as on March 31, 2024. Further, the current ratio stood moderate at 1.92x as on March 31, 2024, and the Quick Ratio also stood comfortable at 1.51x as on March 31, 2024. Further, the average fund-based limit utilisation remains moderate at around 66.02% over the twelve months ended November 2024. Going forward, the company is likely to maintain adequate liquidity position supported by steady accruals.

About the Company

Incorporated in February 2004, Madhya Pradesh-based, Vijay Kumar Mishra Construction Private Limited (VKMCPL) is promoted by Mr. Vijay Kumar Mishra and his family members. The company was initially formed as a partnership firm in 1985 by Mr. Vijay Kumar Mishra and Mr. Arvind Kumar Mishra. Later in 2004, it was reconstituted as a private limited company under the directorship of Mr. Vijay Kumar Mishra (Managing Director). The company is engaged in civil construction works across Madhya Pradesh and Chhattisgarh. VKMCPL has more than two decades of multidisciplinary experience in executing projects in civil infrastructure development for Micro Irrigation, Pipelines, Dams, Canal, Railway Over Bridges, Flyovers, Roads, Telecom, Railway, Coal and BOT segments. It has executed over 60 projects across Madhya Pradesh and Chhattisgarh. Long experience of VKMCPL's promoters and its established track record of operations strengthens the operational risk profile of the company. The company's day-to-day operations are looked after by Mr. Vijay Kumar Mishra, Mr. Arvind Kumar Mishra, Mr. Vineet Mishra and Mr. Vikash Mishra along with a team of experienced professionals.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	337.98	614.49
EBITDA	30.62	37.88
PAT	18.00	23.05
Total Debt	42.90	63.61
Tangible Net Worth	72.22	95.16



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EBITDA Margin (%)	9.06	6.17
PAT Margin (%)	5.27	3.71
Overall Gearing Ratio (x)	0.59	0.67
Interest Coverage (x)	5.28	6.56

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount Outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					December 21, 2023	October 21, 2022	-
1.	Term Loan	Long Term	5.00	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	-
2.	Proposed Term Loan	-	-	Withdrawn	IVR BBB+/ Stable	IVR BBB+/ Stable	-
3.	GECL	Long Term	3.04	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	-
4.	Cash Credit	Long Term	27.00	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	-
5.	Proposed Cash credit	-	-	Withdrawn	IVR BBB+/ Stable	IVR BBB+/ Stable	-
6.	Overdraft	Long Term	15.65	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	-
7.	Letter of Credit	Short Term	1.81	IVR A2	IVR A2	IVR A2	-
8.	Bank Guarantee	Short Term	252.50	IVR A2	IVR A2	IVR A2	-
9.	Proposed Bank Guarantee	Short Term	30.00	IVR A2	IVR A2	IVR A2	-

Analytical Contacts:

Name: Kaustav Saha	Name: Sandeep Khaitan
Tel: (033) 48033621	Tel: (033) 48033621
Email: kaustav.saha@infomerics.com	Email: sandeep.khaitan@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration



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from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL-1	-	-	-	July 2024	0.01	IVR BBB+ /Stable
GECL-2	-	-	-	January 2025	2.03	IVR BBB+ /Stable
GECL-3	-	-	-	January 2028	1.00	IVR BBB+ /Stable
Term Loan	-	-	-	October 2029	5.00	IVR BBB+ /Stable
Cash Credit-1	-	-	-	-	23.00*	IVR BBB+ /Stable
Cash Credit-2	-	-	-	-	4.00	IVR BBB+ /Stable
Overdraft-1	-	-	-	-	2.65	IVR BBB+ /Stable
Overdraft-2	-	-	-	-	1.00	IVR BBB+ /Stable



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Overdraft-3	-	-	-	-	2.00	IVR BBB+ /Stable
Overdraft-4	-	-	-	-	5.00	IVR BBB+ /Stable
Overdraft-5	-	-	-	-	5.00 [#]	IVR BBB+ /Stable
Letter of Credit-1	-	-	-	-	0.31	IVR A2
Letter of Credit-2	-	-	-	-	1.50 ^{##}	IVR A2
Bank Guarantee-1	-	-	-	-	83.00	IVR A2
Bank Guarantee-2	-	-	-	-	51.50 ^{**}	IVR A2
Bank Guarantee-3	-	-	-	-	43.00 ^{***}	IVR A2
Bank Guarantee-4	-	-	-	-	30.00 [@]	IVR A2
Bank Guarantee-5	-	-	-	-	45.00 ^{###}	IVR A2
Proposed Bank Guarantee	-	-	-	-	30.00	IVR A2

**WCDL of Rs.13.00 crore is a sublimit of Cash Credit of HDFC Bank*

#Bank Guarantee of Rs.5.00 crore is a sublimit of Overdraft of Federal Bank

*** Bank Guarantee of Rs.13.00 crore is a sublimit of Bank Guarantee of Axis Bank*

****WCDL of Rs.5.00 crore is a sublimit of Bank Guarantee of Kotak Mahindra Bank*

****Bank Guarantee of Rs.20.00 crore is a sublimit of Bank Guarantee of Kotak Mahindra Bank*

@Bank Guarantee of Rs.23.00 crore is a sublimit of Bank Guarantee of Yes Bank

##Bank Guarantee of Rs.1.50 crore is a sublimit of Letter of Credit of Axis Bank

###Letter of Credit of Rs.5.00 crore is a sublimit of Bank Guarantee of Federal Bank

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Vijay-Kumar-Mishra-14feb25.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

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com