



Press Release

Venkatesh Infra Projects Private Limited

May 01, 2025

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	100.00	IVR BBB+; Stable (IVR Triple B plus with Stable Outlook)	IVR BBB; Stable (IVR Triple B with Stable Outlook)	Rating Upgraded	Simple
Short Term Bank Facilities	25.00	IVR A2 (IVR A Two)	IVR A3+ (IVR A Three plus)	Rating Upgraded	Simple
Total	125.00 (Rupees One hundred and twenty-five crores only)				

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

The upgrade in the rating assigned to the bank facilities of Venkatesh Infra Projects Private Limited (VIPPL) considers improvement in its business performance marked by improvement in scale of operation and profitability leading to improvement in gross cash accruals. Furthermore, the ratings continue to derive comfort from the company's experienced promoters, comfortable capital structure with comfortable debt protection metrics and its association with reputed steel manufacturers with a satisfactory order book position indicating satisfactory revenue visibility. However, these rating strengths are offset by its relatively short operational track record, exposure to intense competition due to the fragmented nature of the industry, vulnerability to economic cycle and sensitivity to fluctuations in steel prices.

The outlook is expected to remain stable on the back of expected stable business performance of the company in the near term supported by its experienced promoters.

Key Rating Sensitivities:

Upward Factors:

- Sustained growth in operating income with improvement in operating margin and consequent growth in cash accruals
- Sustenance of the capital structure with overall gearing to remain below 1x and/or improvement in debt protection metrics



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Downward Factors:

- Moderation in operating income and/or dip in profitability leading to impairment of cash accruals leading to moderation in the debt protection metrics on a sustained basis
- Deterioration in overall gearing to over 2x and/or moderation in interest coverage ratio to below 3x
- Stretch in the working capital cycle driven by pile-up of inventory or stretched receivables impacting the financial risk profile, particularly liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The promoters of the company have sufficient experience of more than one decade in the steel industry. The longstanding presence of the promoters in the industry has helped to build established relationships with both customers and suppliers.

- **Association with reputed steel manufacturers**

The company has a strong association with premium steel suppliers in the industry. VIPPL procures the required material from reputed companies like Tata Metalicks Ltd, G R Infra Projects Ltd, TATA Steel Ltd and Price Pipes and Fitting Ltd. Such association with major steel players ensures goodwill and quality products being supplied to their customers.

- **Satisfactory orderbook position**

From FY24, the company got engaged in execution of EPC work such as supply, excavation, laying, jointing, hydro testing and commissioning of HDPE Pipe and installation of crash barriers on behalf of its clients on subcontract basis. The unexecuted order book of VIPPL as on January 31, 2025, stood at ~Rs.2529.05 crore which is expected to be executed in coming 2-24 months provides a strong near to medium term revenue visibility for the company.

- **Growth in revenue and profitability**

The company has witnessed strong growth of ~60% in its total operating income to Rs.1142.35 crore in FY24. The growth is mainly driven by execution of high EPC works contract during FY24. On the back of healthy growth in scale of operation and execution of high margin EPC works contract the EBITDA of the company has risen dramatically by ~228% in FY24. The EBITDA margin has also improved from 3.53% in FY23 to 7.24% in FY24. Further, backed by improved absolute EBITDA, the PAT margin has also improved from 2.09% in FY23 to 4.46% in FY24. On the back of improved profitability, the net cash accruals of company have



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remained satisfactory at Rs.53.32 crore in FY24. In 11MFY25 the company achieved a total operating income of ~Rs.925 crore.

- **Satisfactory capital structure and comfortable debt protection matrices**

The capital structure of the company continues to remain satisfactory marked by its comfortable leverage ratios. Attributable to its healthy accretion of profit to net worth, the net worth of the company has improved to ~Rs.93 crore as on March 31, 2024. Further, the debt equity and overall gearing ratios continue to stand satisfactory at 0.03x and 0.95x respectively as on March 31, 2024. Further, the total indebtedness marked by TOL/ATNW also improved from 3.13x as on March 31, 2023 to 1.26x as on March 31, 2024 owing to reduction of capital creditor and rise in tangible net worth. Despite an increase in financial cost owing to higher utilization in cash credit limit to fund enhanced scale of operations, the debt protection metrics marked by interest coverage ratio has improved and remained comfortable at 5.87x in FY24 as against 4.04x in FY23 mainly due to increase in profitability. Total debt to EBITDA and Total debt to GCA also continues to remain satisfactory at 1.07x and 1.66 years respectively as on March 31, 2024.

Key Rating Weaknesses

- **Short track record**

Being incorporated in October 2020, VIPPL has a short track record of operation of about five years in the industry. However, despite its short track record the company has achieved a healthy growth in its scale of operations.

- **Exposure to intense competition on account of fragmented industry structure and exposure to economic cyclicality**

The trading industry is fragmented and characterised by intense competition. The company's competitors are a large number of organised and unorganised players, which restricts its pricing flexibility. However, the promoter's established track record of operations and association with well reputed companies for procuring traded goods gives it an edge over its peers. Moreover, the company is mainly selling to road infrastructure companies. The infrastructure sector is highly prone to economic cycle. Hence, the company is also exposed to high cyclicality in the infrastructure industry.

- **Exposure to fluctuations in steel prices**

The price of steel is volatile in nature and the same exposes the company to input price fluctuation risk. Hence, the margins are susceptible to the volatility in the input prices.



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However, the margins of the company have improved in FY24 as the company has started execution of EPC projects which has better margins.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term marked by its expected adequate gross cash accruals in the range of ~Rs.59.08 to ~Rs.75.97 crore as against its negligible external debt repayment obligations during FY25-FY27. Further, the average fund-based utilization of the company remained moderate at ~89% during the past 12 months ended in January 2025 indicating moderate liquidity cushion for the company. However, the company has a strong gearing headroom marked by its healthy capital structure.

About the Company

Incorporated in October 2020, Delhi based Venkatesh Infra Projects Private Limited (VIPPL) is a closely held private limited company promoted by one Agarwal family. Agarwal family have industry exposure of more than four to five decades. Since commencement, VIPPL was predominantly engaged in a Business to Business (B2B) business of supplying of rolled steel and structural products such as TMT, plate, coil, angles, crash barriers to reputed infrastructure companies based on their ongoing project demand. Further, from FY24, VIPPL got engaged into execution of some of the EPC contracts on subcontract basis such as supply, excavation, laying, jointing, hydro testing and commissioning of HDPE Pipe and installation of crash barriers on behalf of its clients. VIPPL procures quality materials majorly from SAIL, Utkarsh India Ltd, Jindal India Ltd and RINL and supply these products to top infra companies such as Apcos Infratech Pvt Ltd, Rcc Developers Limited, PNC Infratech Ltd Ashoka Buildcon Ltd etc. VIPPL is being managed by Smt. Ekta Agarwal and Smt. Karishma Agarwal who have vast experience in the iron and steel industry.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	715.81	1142.35
EBITDA	25.21	82.75
PAT	15.04	51.05
Total Debt	1.50	88.35
Tangible Net Worth	40.13	93.19
EBITDA Margin (%)	3.52	7.24
PAT Margin (%)	2.09	4.46
Overall Gearing Ratio (x)	0.04	0.95
Interest Coverage (x)	4.04	5.87

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	February 09, 2024	January 27, 2023
1	Cash Credit	Long Term	60.00	IVR BBB+/ Stable	-	IVR BBB/ Stable	-
2	Cash Credit	Long Term	40.00	IVR BBB+/ Stable	-	IVR BBB/ Stable	IVR BBB/ Stable
3	Letter of Credit	Short Term	15.00	IVR A2	-	IVR A3+	-
4	Letter of Credit	Short Term	10.00	IVR A2	-	IVR A3+	-



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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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 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.

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	100.00	IVR BBB+; Stable
Letter of Credit	-	-	-	25.00	IVR A2

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-venkatesh-infra-may25.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.