



Press Release

Vijai Construction India Private Limited

April 24, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	11.00	IVR BBB+/Stable (IVR Triple B Plus with Stable outlook)	-	Assigned	Simple
Short Term Facilities	139.00	IVR A2 (IVR A Two)	-	Assigned	Simple
Total	150.00	(Rupees One hundred fifty crore 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

Infomerics Ratings has assigned its rating to the Bank facilities of Vijai Construction India Private Limited (VCIPL) which derive strength from extensive experience of the promoters, improvement in the scale of operations, and healthy financial risk profile. However, the ratings are constrained by susceptibility of operating margin to volatile input prices and tender-based nature of operations with intense competition in the industry.

The outlook is stable in view of experienced promoters and management coupled with healthy financial profile with low dependence on external debt.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations with improvement in profitability and gross cash accrual on a sustained basis.
- Timely and proper execution of existing order book and diversification in regional presence



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Downward Factors

- Significant dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any delay in the execution of the order book, leading to the elongation of the working capital cycle.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters

VC IPL has a long track record of over a decade in the civil construction business with an established track record of project execution related to construction of highways and roads, on EPC basis. Currently VC IPL is managed by the present directors of the company Mr. Sanjay Kumar Singh, Mr. Shiv Sewak Singh, Mr. Dileep Kumar Singh and Mr. Khushwant Singh, who has been associated with this industry for over three decades. The company's future growth is expected to be supported by its extensive operational history and the management's deep understanding of market dynamics.

Improvement in the scale of operations

The company achieved a Total Operating Income (TOI) of Rs. 516.31 crore in FY24 (refers to the period from 1st April 2023 to 31st March 2024), up from Rs. 325.99 crore in FY23 (refers to the period from 1st April 2022 to 31st March 2023), marking a 58% year-on-year growth. This significant rise in sales has been driven by strong orders from major clients such as the National Highways Authority of India (NHAI), Uttar Pradesh Public Works Department (UPPWD), and the Ministry of Road Transport and Highways of India (MORTH). Additionally, the company's profit margins have also improved compared to the previous year. In FY24, the EBITDA margin increased to 9.38% from 8.06% in FY23, and the PAT margin rose to 8.14% from 5.25%. The PAT for FY24 includes Rs. 12.50 crore in interest income (non-operating) received from the government as part of a claim related to the Rudhauri Basti Road project. Excluding this, the company's PAT would have been Rs. 30.87 crore, with a PAT margin of 5.79% for FY24. The company has recorded Rs. 562.13 crore sales in FY25 (Prov.), indicating stable performance.



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Healthy Financial Risk Profile

The financial risk profile of the company is healthy marked by adjusted tangible net-worth of Rs. 144.86 crore as on 31st March 2024 against Rs. 102.04 crore as on 31st March 2023. The increase in the net-worth is due to accumulation of profits into reserves. In addition, the gearing ratio on adjusted tangible net-worth of the company is also comfortable and stood at 0.15 times in FY24 against 0.10 times in FY23. The coverage indicators of the company are also comfortable reflected by interest coverage ratio and debt service coverage ratio which stood at 20.10 times and 8.26 times in FY24 respectively against 13.33 times and 4.29 times in FY23 respectively. Also, the TOL/ATNW ratio of the VCIPL stood at 0.64 times in FY24 decreased from 0.56 times in FY23 due to increase in loans and provisions made by the company.

Key Rating Weaknesses

Susceptibility of operating margin to volatile input prices

Major raw materials used in civil construction activities are steel & cement. Stone, asphalt/bitumen and sand are also used in road construction activities. The raw material & labour (including subcontracting) cost forms the majority chunk of the total cost of sales. As the raw material prices & labour (including sub-contracting) cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour cost, although the same risk has been mitigated to some extent with the presence of inherent price escalation clause added in the contracts. Raw material purchases account for more than 70% of the total cost, meaning any changes in input prices can significantly impact the company's profitability.

Tender-based nature of operations with intense competition in the industry

The company is mostly getting its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to the presence of many organized and unorganized players, the tender driven nature of business leads to volatility in revenue and profitability. Further, being in the infrastructure segment the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution, delays in payments from the government, fluctuating input costs etc. Further, since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully. Also, the vast experience of the promoters gives the company an edge



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in procuring big size ticket orders but the stability of the order size in diversified segment is the key sensitive factor. As of September 30, 2024, the company had an unexecuted order book of Rs. 841.41 crore as on 30th September 2024 which will be executed over the next 24 months. The current unexecuted order book is 1.63 times FY24 revenues, which provides revenue visibility in the near term.

Analytical Approach: Standalone

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 Instruments/Facilities](#)

Liquidity –Adequate

Liquidity should remain supported by the ample surplus available in cash accrual and bank lines. Cash accrual is projected at ~Rs 45.00 crore per annum, against debt obligation of Rs 5.00 crore in fiscal 2025. The current ratio also stood healthy at 2.21 times as on March 31, 2024. Further, strong gearing and moderate net worth will aid financial flexibility.

About the Company

Vijai Construction (India) Private Limited (VCIPL) was founded by Mr. Shiv Sewak Singh in 2011 under the Companies Act of 1956, located in Lucknow, Uttar Pradesh. Prior to establishing VCIPL, Mr. Singh started a construction business in 1980 under the partnership firm "Vijai Constructions." VCIPL primarily undertakes contractual work across Uttar Pradesh and holds a Class A government contractor registration in the state.



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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	325.99	516.31
EBITDA	26.26	48.43
PAT	17.23	43.37
Total Debt	10.24	21.64
Adjusted Tangible Net Worth (ATNW)	102.04	144.86
EBITDA Margin (%)	8.06	9.38
PAT Margin (%)	5.25	8.14
Overall Gearing Ratio on ATNW (x)	0.10	0.15
Interest Coverage (x)	13.33	20.10

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: India Ratings has continued the rating assigned to the bank facilities of VCIPL under Issuer Not Cooperating category vide press release dated February 11, 2024, on account of its inability to carry out a review in the absence of the requisite information from the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	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
1.	Long Term Bank Facilities	Long Term	11.00	IVR BBB+/Stable	-	-	-
2.	Short Term Bank Facilities	Short Term	139.00	IVR A2	-	-	-

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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.

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: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Overdraft	-	-	-	-	11.00	IVR BBB+/Stable
Bank Guarantee	-	-	-	-	139.00	IVR A2

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-VC IPL-apr25.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.