



## Press Release

### **VVIP Infratech Limited (Erstwhile VVIP Infratech Private Limited)**

**March 12<sup>th</sup>, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u>Complexity Indicator</u></b>
Long Term Bank Facilities	30.00	IVR BBB/Stable [IVR Triple B with stable outlook]	IVR BBB-/Stable [IVR Triple B minus with stable outlook]	Rating Upgraded	<a href="#"><u>Simple</u></a>
Short Term Bank Facilities	66.50	IVR A3+ (IVR A Three plus)	IVR A3 (IVR A Three)	Rating Upgraded	<a href="#"><u>Simple</u></a>
<b>Total</b>	<b>96.50</b>	<b>[Rupees ninety-six crores and fifty lakhs only]</b>			

**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 upgraded its rating assigned to the bank facilities for the long-term facilities to IVR BBB with stable outlook and IVR A3+ for the short-term facilities of VVIP Infratech Limited (VVIP).

The rating upgrade takes into consideration healthy order book position with growing scale of operations and comfortable capital structure. Additionally, the established track record of promoters further strengthens the ratings. However, these rating strengths are partially offset by susceptibility to risks inherent in tender-based business, susceptibility of operating margins with concentrated order book and highly fragmented competitive nature of industry.

The outlook stood 'stable' on account of moderate scale of operations and running order book position. IVR believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of CEPL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Procurement of new orders providing long-term revenue visibility along with a substantial and sustained improvement in the revenue and cash accruals while



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maintaining the debt protection metrics and improvement in capital structure and liquidity.

### Downward Factors

- Any delays in execution of projects impacting the scale of operations and moderation in profitability affecting the liquidity position.
- Moderation in the capital structure with deterioration in the overall gearing.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of promoters**

The promoter Mr. Praveen Tyagi has experience of more than 3 decade and Mr. Vaibhav Tyagi and Mr Vibhor Tyagi have experience of more than a decade in the civil construction industry. The extensive experience of the management has helped the company to successfully bid for tenders.

- **Healthy order book reflecting satisfactory medium-term revenue visibility**

The company has total unexecuted order book of Rs 560.83 crore as on 31st January 2025, in which Rs. 124.15 crores worth of orders pertain to Operation and maintenance work to be completed within next 10-15 Years and Rs. 436.70 Crore of order in hand is going to be completed within the financial year of FY26. Unexecuted order book is 2.61 times of total operating income of FY24, indicating medium term revenue visibility near future.

- **Growing scale of operations and moderate profitability**

The total operating income of the company registered an y-o-y growth of 46.11% in FY24 and stood at Rs. 214.88 Crore in FY24 as against Rs. 147.07 crore in FY23. The company witnessed an increasing trend in its operating income driven by increased flow of orders and higher execution of the same. EBITDA improved from Rs. 15.25 Crore in FY23 to Rs. 26.50 Crore in FY24. EBITDA margin improved by 196 bps from 10.37% in FY23 to 12.33% in FY24 due to higher margins earned on executed projects. PAT improved from Rs. 9.45 crore in FY23 to Rs 17.01 crore in FY24. The PAT margin increased by 148 bps from 6.38% in FY23 to 7.86% in FY24 due to an increase in depreciation and interest & finance charges. Gross cash accruals improving from Rs 10.12 crore in FY23 to Rs. 17.95 crore in FY24.



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- **Comfortable capital structure and debt protection metrics**

The capital structure remained comfortable as on March 31, 2024. The long-term debt to Net worth and overall gearing stood at 0.07x and 0.40x as on March 31, 2024 as against 0.17x and 0.52x, respectively as on March 31, 2023. The total indebtedness of the company as reflected by TOL/TNW improved and stood at 0.96x as on March 31, 2024, as against 1.30x as on March 31, 2023, driven by decrease in sundry creditors. Total debt to GCA improved from 3.01 years in FY23 to 1.75 years in FY24. Debt protection metrics stood comfortable with Interest coverage ratio stood at 7.57x in FY24 as against 6.42x in FY23. Debt service coverage indicators improved and stood at 3.93x in FY24 as against 3.27x in FY23.

### **Key Rating Weaknesses**

- **Susceptibility to risks inherent in tender-based business and exposure to high project execution risk**

The company's business model is tender based; therefore, the revenue and profitability is depended upon the successfully bidding and winning the tender. VVIP is majorly engaged in water treatment plant, sewage pumping and roads from government entities, resulting in project exposure risk as the projects face issues like on timely clearances for tenders, political interference, environmental clearness, and late realisations.

- **Concentrated revenue profile and order book**

The present order book mainly consists of O & M work, up-gradation, sewerage, electrical and Jal Jeevan Mission. However, top 10 customers contributed to around 74.53% of the total sales of FY24 indicating a concentrated customer profile. It is also exposed to geographical concentration risk with majority of the ongoing projects being located in Uttar Pradesh. Nonetheless, the company has adequate experience in order to execute projects in these states which provides a comfort.

- **Susceptibility of operating margin to volatile input prices**

Major raw materials used in water treatment plant, sewage pumping, and roads activities are steel & cement, pipe, pumps, brick, and sand which are usually sourced from large players/dealers at proximate distances. The raw material & labour (including sub-contracting) cost forms the majority chunk of the total cost of sales for the last three years. 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 (including



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subcontracting) cost. However, presences of escalation clause (for raw materials) in most of the contracts protect the margin to an extent.

- **Highly fragmented & competitive nature of the construction sector with significant price war**

The domestic infrastructure / construction sector is highly crowded with presence of many players with varied statures & capabilities. In the water and sewerage treatment segment the company had to face competition from few large and established players and various small players. While the competition is perceived to be healthy, significant price war by few players during the bidding process is a major challenge to be addressed.

**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**

The liquidity position of VVIP is adequate marked by 63.87% average utilisation of fund-based limits during the past 12 months ended February'2025. Further, the VVIP expects sufficient cushion in cash accruals against its debt repayments for the next 3 years. Current Ratio stood at 2.26x as of March 31, 2024. The unencumbered cash and bank balance of the company stood at Rs.0.68 Crores as on March 31, 2024. VVIP's operating cycle has increased from 74 days in FY23 to 89 days in FY23 due to an increase in inventory period with an increase in scale of operations.

### **About the Company**

VVIP Infratech Limited (Erstwhile Known as Vibhor Vaibhav Infra Private Limited), the flagship company of VVIP Group was founded by Mr Praveen Tyagi in the year 1990. VVIP is a Class A Civil and Electrical Contractor. They have long experience in the execution and construction of infrastructure projects, Primarily Sewer, Sewer Treatment Plants, Water Tanks, Water



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Treatment Plants, Roads, Sector Development, Electrification Development, Transmission and Distribution Infrastructure. Further, VVIP changed its name from Vibhor Vaibhav Infra Private limited to VVIP Infratech Limited as on 27<sup>th</sup> December'2023. VVIP Listed on BSE, Listing date July 30, 2024.

The company is primarily working on projects in the state of Uttar Pradesh, Uttarakhand, NCT of Delhi and other northern Part of India. The company has forayed into the field of rural drinking water supply projects under the government scheme of Jal Jeevan Mission (JJM) State Water and Sanitation Mission (SWSM) in the state of Uttar Pradesh at districts of Farrukhabad (Division Kanpur), Kasganj (Division Aligarh) & Rampur (Division Moradabad).

### Financials [Standalone]:

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	147.07	214.88
EBITDA	15.25	26.50
PAT	9.45	17.01
Total Debt	30.47	31.37
Tangible Net Worth	59.03	78.32
EBITDA Margin (%)	10.37	12.33
PAT Margin (%)	6.38	7.86
Overall Gearing Ratio (x)(including quasi-equity)	0.52	0.40
Interest Coverage (x)	6.42	7.57

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: None

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (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
				March 10 <sup>th</sup> , 2025	March 18 <sup>th</sup> , 2024	February 01 <sup>st</sup> , 2023	-
1.	Fund Based Limits	Long Term	30.00	IVR BBB/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-
2.	Non-Fund Based	Short Term	66.50	IVR A3+	IVR A3	IVR A3	-





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### About Infomerics:

Infomerics Valuation and Rating 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 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](http://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
Cash credit	-	-	-	-	30.00	IVR BBB/Stable
Bank Guarantee	-	-	-	-	61.50	IVR A3+
Letter of Credit	-	-	-	-	5.00	IVR A3+

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-vvip-mar25.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](http://www.infomerics.com).