

March 25, 2026

## Vishal Infrastructure Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	114.50	124.50	[ICRA]BBB+(Stable); Reaffirmed
Long-term/short-term – Non-fund -based – Bank guarantee	285.60	275.60	[ICRA]BBB+(Stable)/ [ICRA]A2; Reaffirmed
<b>Total</b>	<b>400.10</b>	<b>400.10</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation for Vishal Infrastructure Limited (VIL) favourably factors in its healthy order book of Rs. 1,455 crore as on January 31, 2026, which translates to 2.4 times of its operating income (OI) in FY2025, providing medium-term revenue visibility. The financial risk profile remains comfortable, with TOL/TNW at 1.2 times and interest coverage at 4.0 times in FY2025. The company has reduced reliance on high interest-bearing mobilisation advances. At present, it is availing project-specific limits at relatively lower rates, which should keep interest costs stable and support steady coverage metrics over the medium term. The ratings note VIL's established execution track record in airport runways and terminal buildings, specialised and classified structures, and its reputed clientele comprising primarily Government entities such as the Airports Authority of India (AAI), Defence Research and Development Organisation (DRDO), Military Engineer Services (MES) and Rail Land Development Authority (RLDA), which mitigates the counterparty credit risk to a large extent and supports timely payment inflows.

The rating is, however, constrained by moderate operating margins, which have been range-bound over the last two years, reflecting the intense competition and higher sub-contracting expenses incurred to expedite execution in certain projects. VIL's order book continues to exhibit concentration risks across clients, segments and geography. Over the past three years, revenues have been largely dependent on AAI and DRDO (60–80%). As of January 2026, the top three clients (DRDO, AAI and MES) account for nearly 73% of the order book. The order mix remains skewed towards runway and building projects. It faces high geographical concentration, with Karnataka, Kerala and Ladakh contributing to around 65% of the order book. While the working capital intensity remains moderate, the average fund-based limit utilisation remains high at around 81% over the past 12 months ending January 2026. Nonetheless, the liquidity is supported by sanctioned project-specific limits, the availability of interest-free mobilisation advances, and timely collections from a reputed client base. Nevertheless, maintaining an adequate liquidity cushion remains critical from the credit perspective.

The company has been managed by Mr. Milind Kumar Deshpande, Managing Director, over the past 35 years and has been instrumental in driving the operations. However, VIL's ability to put a proper succession plan in place to manage and expand the operations, going forward, through professional management, remains a key rating monitorable. ICRA notes an instance of bank guarantee invocation by AAI amounting to Rs. 11.11 crore in July 2024, owing to discrepancies identified in computing the final bill. Although the Delhi High Court granted an interim stay on the invocation, the lenders had already remitted the amount to AAI, and the company subsequently settled the sum with the lenders. The Court has directed AAI to deposit the invoked amount with the court registry, and the matter has been referred to an arbitrator appointed by the Court. While this incident appears to be a one-off case, it underscores the inherent risk associated with VIL's sizeable non-fund based exposure (bank guarantees of Rs. 221 crore as on March 31, 2024 and Rs. 216 crore as on March 31, 2025), amid an industry characterised by a large number of players and tender-based bidding, which keeps the operating margins under pressure.

The Stable outlook on the long-term rating reflects that the company will be able to maintain its credit profile on the back of healthy order book position, established execution track record and timely receipt of payments from its key customers, which is expected to support its scale of operations and liquidity profile.

## Key rating drivers and their description

### Credit strengths

**Healthy order book position** – VIL’s order book remains healthy at Rs. 1,455 crore as on January 31, 2026, which translates to 2.4 times of its OI in FY2025, providing medium term revenue visibility. The company’s scale of operations has improved in recent years, with revenues rising to Rs. 608.1 crore in FY2025 from Rs. 587 crore in FY2024 and Rs. 423.6 crore in FY2023. While revenues in FY2026 are expected to remain muted owing to slower execution in few projects amid adverse weather conditions and non-availability of work front, the medium-term outlook on scale remains stable, supported by the healthy order book position.

**Reputed client profile resulting in low counterparty credit risk** – VIL’s client base comprises reputed Central Government entities such as AAI, DRDO, MES and RLDA, resulting in low counterparty credit risk and supporting timely payment inflows. The company has an established execution track record in airport runways and terminal buildings, specialised structures and road projects, demonstrating strong capability in delivering complex projects for Government agencies. Recent diversification within Government-linked clients further underscores its execution expertise and strengthens revenue visibility.

**Comfortable financial risk profile** – VIL’s financial risk profile remains comfortable, aided by interest coverage of 4.0 times in FY2025 and a TOL/TNW of 1.2 times as on March 31, 2025. The company has reduced its reliance on interest-bearing mobilisation advances over the past few years, which has aided the improvement in coverage metrics. At present, it is availing project-specific limits at relatively lower rates and interest costs are expected to remain at levels similar to FY2025, supporting stable coverage indicators. The leverage is expected to improve gradually, driven by controlled debt levels and steady accruals to net worth.

### Credit challenges

**Concentrated order book in terms of clientele, geography and segment** – VIL’s order book as on January 31, 2026 is predominantly concentrated in the runways and building segments and exhibits geographical concentration, with the top three states, Karnataka, Kerala and Ladakh, accounting for around 65% of the outstanding order book. Client concentration remains high, with over 60% of revenues in the past three years derived from AAI and DRDO. The top three clients (DRDO, AAI and MES) together constituted about 73% of the order book as of January 2026. While the company has secured orders from new clients such as RLDA, Adani Airports and the Dalai Lama Trust, which is expected to partly alleviate the customer concentration over the medium term, the order book remains concentrated by clientele, geography and segment.

**Moderate working capital intensity** – VIL’s operations remain working-capital intensive, with sizeable funds tied up in inventory, work-in-process awaiting certification and receivables. The company has a modest cushion in its working capital limits, with average utilisation at around 81% over the past 12 months ending January 2026. Nevertheless, the liquidity is supported by the sanction of project-specific limits, the availability of interest-free mobilisation advances, as well as timely payment inflows from its reputed clientele, and these factors remain the key monitorables.

**Susceptibility to intense competition and construction sector risks with sizeable non-fund based obligations** – VIL remains exposed to intense competition inherent to the construction sector, characterised by numerous players and tender-based bidding, which leads to revenue volatility and margin pressure. Reflecting this, the company’s operating margins moderated from around 10% in FY2023 to 7.9% in FY2025, owing to higher sub-contracting expenses incurred to expedite execution in certain projects. Nevertheless, ICRA expects the margins to increase in the medium term, given the receipt of higher margin projects and operating leverage benefits. The company is exposed to risks arising from sizeable non-fund-based limits. Notably,

a bank guarantee of Rs. 11.11 crore was invoked by AAI in July 2024 due to discrepancies in final bill computations. Although the Delhi High Court granted an interim stay and directed the invoked amount to be deposited with the court registry, the matter is currently under arbitration. While the incident appears one-off, it underscores the inherent risk associated with VIL's large outstanding bank guarantees of Rs. 221 crore and Rs. 216 crore as on March 31, 2024 and March 31, 2025 respectively.

### Liquidity position: Adequate

The company's liquidity position is adequate with free cash balances of Rs. 12.27 crore (including unencumbered fixed deposits) as on December 31, 2025. The fund-based utilisation has been higher at 81% over the past 12 months ending January 2026. However, the sanction of project-specific limits, low debt repayments, absence of major capital expenditure plans and timely receipt of payments from its key customers is expected to support the liquidity position.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded upon significant increase in revenues and profitability margins resulting in improvement in debt coverage metrics and liquidity position on a sustained basis.

**Negative factors** – Pressure on the ratings could arise if any delays in execution of its projects or stretch in its working capital cycle results in weakening of its liquidity and debt coverage metrics. Specific credit metrics that would lead to a rating downgrade will include interest coverage remaining below 3.5 times on a sustained basis.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Construction</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

### About the company

Incorporated in 1990, Vishal Infrastructure Limited (VIL) is a closely-held company based out of Bangalore. It executes civil construction work for the airport sector, defence industry, public sector undertakings (PSUs) and other Central Government entities. VIL's clientele includes AAI, MES, DRDO, RLDA, Adani Airports, among others. The company's order book is diversified across the country including Kerala, Rajasthan, Ladakh, Assam, Jammu and Kashmir, West Bengal, Bihar, Karnataka, Maharashtra, among others.

### Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	587.0	608.1
PAT	26.1	23.7
OPBDIT/OI	8.9%	7.9%
PAT/OI	4.5%	3.9%
Total outside liabilities/Tangible net worth (times)	1.0	1.2
Total debt/OPBDIT (times)	1.2	1.8
Interest coverage (times)	4.1	4.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA:** India Ratings has outstanding ratings of IND B+ (Negative)/ IND A4, ISSUER NOT COOPERATING according to its rationale dated July 18, 2025.

**Any other information: None**

## Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs. crore)	Mar 25, 2026	Date	Rating	Date	Rating	Date	Rating
<b>Long-term – Cash credit – Fund-based</b>	Long Term	124.50	[ICRA]BBB+ (Stable)	Jan 02, 2025	[ICRA]BBB (Positive)	Nov 28, 2023	[ICRA]BBB (Positive)	Oct 18, 2022	[ICRA]BBB (Stable)
<b>Long-term / short-term – Bank guarantee – Non-fund based</b>	Long Term/ Short Term	275.60	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jan 02, 2025	[ICRA]BBB (Positive)/ [ICRA]A3+	Nov 28, 2023	[ICRA]BBB (Positive)/ [ICRA]A3+	Oct 18, 2022	[ICRA]BBB (Stable)/ [ICRA]A3+
<b>Unallocated</b>	Long Term/ Short Term	-	-	-	-	-	-	Oct 18, 2022	[ICRA]BBB (Stable)/ [ICRA]A3+

## Complexity level of the rated instruments

Instrument	Complexity Indicator
<b>Long-term Fund-based – Cash credit</b>	Simple
<b>Long-term/Short-term – Bank guarantee</b>	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	124.50	[ICRA]BBB+ (Stable)
NA	Bank guarantee	NA	NA	NA	275.60	[ICRA]BBB+ (Stable)/ [ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure II: List of entities considered for consolidated analysis: Not Applicable

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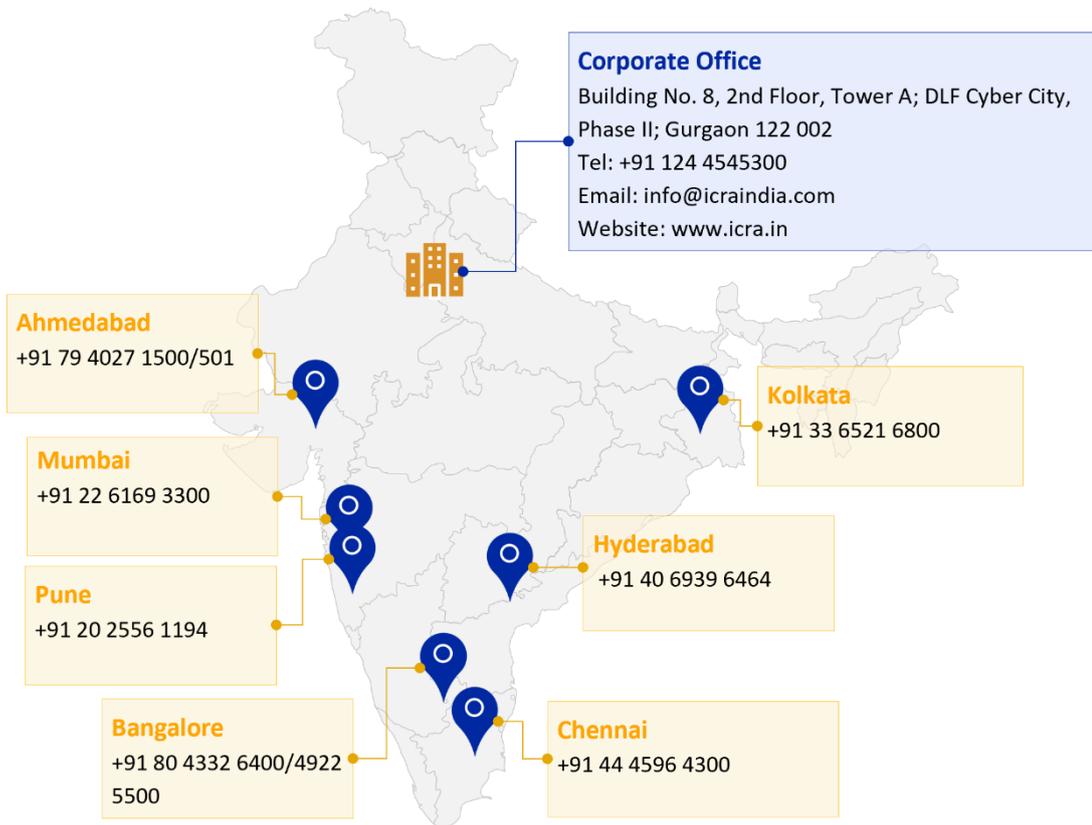
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