



Press Release
VASANT CONSTRUCTION CO INDIA
October 08, 2025
Rating Downgraded and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.50	ACUITE BB- Stable Downgraded	-
Bank Loan Ratings	11.50	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	15.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has downgraded its long-term rating to '**ACUITE BB-**' (read as **ACUITE double B Minus**) from '**ACUITE BB**' (read as **ACUITE double B**) and reaffirmed the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs. 15.00 crore bank facilities of Vasant Construction Co India (VCCI). The outlook is '**Stable**'.

Rationale for downgrade

The rating downgrade is driven by moderation in revenues and profitability margins, coupled with an average order book position that provides revenue visibility for the near term. The rating also factors in the intensive nature of the firm's working capital operations, as indicated by its high GCA days and high utilisation of working capital limits. Additionally, the rating notes the risk of capital withdrawal inherent in partnership firms. However, the rating draws support from the moderate financial risk profile and adequate liquidity, supported by sufficient cash accruals against maturing debt obligations. The firm's ability to successfully bid for and secure new orders, scale up operations, and improve profitability margins while managing its working capital cycle will remain a key monitorable.

About the Company

Maharashtra-based Vasant Construction Co India (VCCI) was established in 2017 as a partnership concern. The firm is promoted by Mr. Vasantlal Malukchand Shah and Mrs. Manjulaben Vasantlal Shah. VCCI operates as a civil contractor, engaged in the construction of buildings and other civil activities, primarily across Maharashtra, Madhya Pradesh, and Dadra Nagar Haveli, with orders from Government and Municipal Corporations.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone financial and business risk profiles of VCCI to arrive at the rating.

Strengths

Experienced Management

Vasant Construction Company India (VCCI), a partnership between Mr. Vasantlal Malukchand Shah and Mrs. Manjulaben Vasantlal Shah with equal profit-sharing, has been operating in the civil construction sector since 2017. The firm has successfully executed projects for government departments such as PWD, CIDCO, and KDMC, as well as municipal contracts in Daman and Madhya Pradesh. Acuité believes that the partners' experience and the firm's execution track record contribute to strong relationships with both suppliers and customers.

Moderate Financial Risk Profile

The firm's moderate financial risk profile is characterised by modest net worth, low gearing, and moderate debt protection metrics. The tangible net worth improved to Rs. 8.74 crore as on March 31, 2025 (Prov.) from Rs. 8.35 crore as on March 31, 2024, owing to profit accretion to the partners' capital accounts. The gearing remained low at 0.85 times as on March 31, 2025 (Prov.), compared to 0.94 times as on March 31, 2024. The debt protection metrics remained moderate, with Interest Coverage Ratio at 1.83 times as on March 31, 2025 (Prov.) compared to 1.98 times as on March 31, 2024, and Debt Service Coverage Ratio at 1.76 times as on March 31, 2025 (Prov.) versus 1.98 times as on March 31, 2024. Acuité believes that the firm's financial risk profile will continue to remain moderate going forward.

Weaknesses

Modest Scale of Operations with average order book position

The firm's operating revenue declined to Rs. 29.27 crore in FY25 (Prov.) from Rs. 38.37 crore in FY24, primarily due to reduced project execution during the year. However, the operating margin remained stable and rangebound at 3.96 per cent in FY25 (Prov.), compared to 3.60 per cent in FY24 and 4.04 per cent in FY23. The PAT margins also remained consistent at 1.77 per cent in FY25 (Prov.), against 1.76 per cent in FY24 and 1.80 per cent in FY23. In 5MFY26, the firm has recorded revenue of Rs. 6.07 crore and expects to achieve a revenue of around Rs. 30 crore in FY26. As of September 2025, VCCI holds unexecuted infrastructure project orders worth Rs. 46.03 crore, scheduled for completion by Q3FY27. Out of the total work in hand, letters of acceptance have been received for 2 out of 3 L1 orders, amounting to Rs. 18.73 crore, which are also scheduled for execution within the same timeframe. With new orders being regularly added to its executable list, the firm maintains moderate revenue visibility over the near to medium term. Acuité notes that the firm's ability to secure additional orders and sustain its business risk profile will remain a key rating monitorable.

Intensive nature of working capital operations

The firm's working capital management remains intensive, as evident from its high Gross Current Assets (GCA) of 249 days as on March 31, 2025 (Prov.), compared to 179 days as on March 31, 2024, and 197 days as on March 31, 2023. The increase in GCA days is attributed to elevated inventory levels. The inventory period stood at 126 days as on March 31, 2025 (Prov.), against 88 days as on March 31, 2024. Debtor days stood at 109 days as on March 31, 2025 (Prov.), compared to 77 days as on March 31, 2024. Creditor days stood at 73 days as on March 31, 2025 (Prov.), as against 97 days as on March 31, 2024. Acuité believes that going forward, the firm's working capital operations will remain at similar levels, as indicated by the high retention money over the medium term.

Profitability Sensitivity to Raw Material Prices and Competitive Environment

The firm's profitability remains vulnerable to fluctuations in raw material prices due to their inherent volatility. However, most contracts include an in-built price escalation clause for key materials such as steel, cement, fuel, and bitumen, which provides partial protection against price swings. Additionally, the firm operates in a highly competitive and fragmented industry, facing pressure from both large players and numerous small, unorganised contractors. Going forward, improvement in profitability margins will remain a key rating sensitivity. With the

central government's increased focus on the infrastructure sector, VCCI is expected to benefit over the medium term. However, as most of its projects are tender-based, the firm faces intense competition, often requiring aggressive bidding to secure contracts. This competition may further intensify due to recent relaxations in bidding norms. Additionally, given the cyclical nature of the construction industry, the ability to sustain profitability margins through operational efficiency remains critical.

Inherent risk of withdrawal of partner's capital

The firm is susceptible to the inherent risk of capital withdrawal given its constitution. Any significant withdrawal of the partner's capital will have a negative bearing on the financial risk profile of the firm.

Rating Sensitivities

- Scaling up operations while improving profitability
- Timely execution of orders and successful securing of new contracts
- Improvement in financial risk profile

Liquidity Position

Adequate

The firm's liquidity position is adequate, with net cash accruals of Rs. 0.61 crore as on March 31, 2025 (Prov.) against debt repayment obligations of Rs. 0.03 crore during the same period. The cash and bank balances stood at Rs. 0.13 crore as on March 31, 2025 (Prov.). The current ratio remained comfortable at 1.87 times as on March 31, 2025 (Prov.). Additionally, the firm's working capital management remains intensive, reflected in high Gross Current Assets (GCA) of 249 days as on March 31, 2025 (Prov.), compared to 179 days as on March 31, 2024. Consequently, the fund-based limit remained highly utilised at ~94 per cent over the seven-month period ended June 2025. Acuité believes that the firm's ability to maintain its adequate liquidity position over the medium term will remain a key rating monitorable.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	29.27	38.37
PAT	Rs. Cr.	0.52	0.67
PAT Margin	(%)	1.77	1.76
Total Debt/Tangible Net Worth	Times	0.85	0.94
PBDIT/Interest	Times	1.83	1.98

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Jul 2024	Bank Guarantee (BLR)	Short Term	11.50	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	3.50	ACUITE BB Stable (Reaffirmed)
17 Apr 2023	Bank Guarantee (BLR)	Short Term	11.50	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	3.50	ACUITE BB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.50	Simple	ACUITE A4+ Reaffirmed
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BB- Stable Downgraded (from ACUITE BB)

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About Acuité Ratings & Research

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