Rating Rationale

29 September 2026

Digvijay Construction Private Limited (DCPL)

SUMMARY OF RATING ACTION

Facilities / Instrument	Tenure	Amount (Rs. crore)		Rating Assigned & Outlook		Regulator
		Previous	Present	Previous (July 08, 2025)	Present	
Fund-Based	Long Term	25.05	**27.20**	BWR BBB- / Stable; Reaffirmed	**BWR BBB- / Stable; Reaffirmed**	RBI
Non-Fund-Based	Short Term	55.00	**55.00**	BWR A3; Reaffirmed	**BWR A3; Reaffirmed**	RBI
Total		**80.05**	**82.20**	**(Rupees Eighty-two crore and twenty lakh only)**		

Note:

1. Please refer to the BWR website www.brickworkratings.com for the definition of the ratings
2. Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated**.**

RATING ACTION/OUTLOOK

Brickwork Ratings has reaffirmed the long-term rating at BWR BBB- (Stable) for the existing bank loan facilities of Rs. 76.36 Crore and assigned BWR BBB- (Stable) to fresh facilities of Rs. 5.84 Crore. Concurrently, the short-term rating for short-term facilities has been reaffirmed at BWR A3, covering total bank loan facilities aggregating to Rs. 82.20 Crore of Digvijay Construction Private Limited (DCPL).

The ratings continue to reflect DCPL's established operational track record of over three decades, extensive experience of its civil engineer promoters, top-tier "AA Class" contractor registration in Gujarat, and low counterparty default risk given its sovereign/quasi-sovereign clientele (MoRTH, NHAI, AMC). The ratings are further underpinned by adequate medium-term revenue visibility supported by an unexecuted order book of Rs. 154.87 Crore (1.86x FY26 turnover), expanding EBITDA margins (9.23% in FY26) driven by captive machinery deployment, a disciplined 4-year banking track record, and a comfortable adjusted capital structure with an Adjusted Gearing of 0.49x (supported by Rs. 16.75 Crore of promoter quasi-equity) alongside comfortable debt coverage metrics (ISCR of 2.09x and DSCR of 1.67x). These rating strengths are partially offset by working capital intensity highlighted by an elongated receivable cycle (288 days in FY26), concentration risk with ~63% of the order book tied to a single road project in Uttar Pradesh, susceptibility to execution delays inherent in public infrastructure projects, and intense industry competition in government tender allocations.

The Stable outlook reflects the expectation that Digvijay Construction Pvt. Ltd. will maintain a resilient credit profile, supported by healthy order book visibility and sustained operating profitability from its captive equipment fleet. The company is expected to preserve its comfortable debt coverage metrics and adequate liquidity buffers, further backed by strong promoter quasi-equity support over the medium term.

KEY COVENANTS OF THE INSTRUMENT/FACILITY

The facility carries standard financial and operational covenants typical for such credit facilities.

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	• General Criteria • Approach to Financial Ratios • Short Term Debt • Engineering Procurement and Construction
Parent/Group/ Government Support	Not Applicable
Analytical Approach (Standalone)	For arriving at its ratings, BWR has considered the standalone approach for the Company. BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Key Strengths:

Established Operational Track Record, Experienced Management, and Pre-Qualification Credentials:

Digvijay Construction Pvt. Ltd. (DCPL) possesses an established operational history of over three decades in civil construction, specializing in roads, bridges, and irrigation infrastructure. The company is led by promoter-directors—Managing Director Mr. Digvijaysinh Padheria and Director Mr. Mohitsinh Padheria—who both hold B.E. Civil Engineering degrees and bring over 20 to 25 years of domain expertise. Their technical competence and long-standing industry presence facilitate strong project execution and sustained relationships with government departments. Furthermore, DCPL holds an "AA Class Contractor" registration with the Government of Gujarat, a top-tier accreditation that serves as an entry barrier against unorganized players and pre-qualifies the company to independently bid for and execute large-scale public infrastructure projects.

Low Counterparty Default Risk:

The client portfolio predominantly comprises state and central government departments, public sector undertakings, and municipal bodies. Key counterparties include the Ministry of Road Transport and Highways (MoRTH), National Highways Authority of India (NHAI), Roads & Buildings (R&B) Department of Gujarat, Ahmedabad Municipal Corporation (AMC), and Deendayal Port Authority (DPA). Sovereign and quasi-sovereign backing provides high credit security and virtually eliminates counterparty default risk and bad debt write-offs.

Adequate Revenue Visibility and Stable Profitability Margins:

As of September 02, 2026, DCPL holds an unexecuted order book of Rs. 154.87 Crore, offering 1.86x revenue coverage relative to FY26 provisional turnover. Despite a top-line contraction in FY26 to Rs. 83.11 Crore (compared to Rs. 98.78 Crore in FY25) due to temporary bidding deferments, operating efficiency improved significantly. The EBITDA margin expanded by 148 bps to 9.23% in FY26 (7.75% in FY25) due to disciplined site overhead management and captive plant utilization. Absolute EBITDA remained stable at Rs. 7.67 Crore in FY26 (Rs. 7.66 Crore in FY25), while the Net Profit Margin stood steady at 2.55% in FY26 (2.57% in FY25), yielding a Net Profit (PAT) of Rs. 2.12 Crore in FY26 (Rs. 2.54 Crore in FY25).

Controlled Capital Structure and Comfortable Debt Coverage Metrics:

DCPL's capital structure remains manageable, supported by a steadily growing net worth base of Rs. 31.65 Crore as of March 31, 2026 (up from Rs. 29.51 Crore in FY25) accumulated through internal profit retention. Despite an increase in Total Debt to Rs. 40.55 Crore as of March 31, 2026 (Rs. 32.71 Crore as of March 31, 2025) driven by equipment financing and long-term debt additions, overall gearing remained controlled at 1.28x in FY26 (1.11x in FY25). Debt protection metrics remain satisfactory and comfortably above unity, characterized by an Interest Service Coverage Ratio (ISCR) of 2.09x in FY26 (2.12x in FY25) and a Debt Service Coverage Ratio (DSCR) of 1.52x in FY26 (1.78x in FY25), reflecting steady cash accruals (Net Cash Accruals of Rs. 3.66 Crore in FY26 vs. Rs. 3.55 Crore in FY25) relative to debt servicing commitments.

Key Weaknesses:

Working Capital Intensity and Elongated Working Capital Cycle:

DCPL's operations are working capital intensive, with the working capital cycle elongating in FY26. Receivable days expanded to 278 days in FY26 (64 days in FY25) due to delayed bill certifications from public departments, while inventory holding stood at 163 days. High capital lock-up drives continuous reliance on working capital facilities. HDFC Bank Cash Credit limits exhibited high average utilization of 85.55% (peaking at 99.86%), whereas SBI Cash Credit limits averaged 44.35% utilization. Furthermore, non-fund-based requirements remain sizable, evidenced by an active Bank Guarantee portfolio of Rs. 34.61 Crore across 35 guarantees as of September 02, 2026. guarantees (Rs. 34.61 Crore active BG portfolio across 35 guarantees as of September 2026).

Susceptibility to Risks Inherent in Tender-Based Business:

Revenue continuity remains dependent on DCPL's ability to successfully bid for and win competitive tenders. Dependence on government projects exposes the company to external execution risks, such as delays in land acquisition, site handover, statutory environmental clearances, and extended payment authorization cycles. Bidding risks are further highlighted by ongoing legal proceedings where DCPL is contesting a technical disqualification on an Rs. 81.78 Crore project (Kerala Shahpur MDR) despite emerging as the L1 bidder.

High Competitive Intensity and Sectoral Vulnerabilities:

The civil construction sector in India is fragmented, marked by price-competitive bidding from unorganized regional contractors as well as larger organized players. DCPL remains vulnerable to broader infrastructure sector cyclicality, order inflow volatility, and price fluctuations in key inputs such as bitumen, steel, cement, and diesel. However, the presence of price escalation clauses in major public works contracts provides a partial hedge against raw material cost volatility

RATING SENSITIVITY FACTORS

Positive Triggers:

The rating may be upgraded if the company demonstrates substantial and sustained growth in revenue and operating margins, supported by a well-diversified order book. Additionally, a consistent trend of net cash accruals and a reduction in leverage, with the Total Debt to Tangible Net Worth ratio falling below 0.80 times, would support a positive rating action.

Negative Triggers

The rating may be downgraded if there are significant delays in the execution of orders in hand, a deterioration in the scale of operations, or a weakening of credit metrics, liquidity position, or revenue visibility

LIQUIDITY POSITION - Adequate

DCPL's liquidity profile is assessed as adequate, underpinned by growing liquid reserves, steady internal cash generation, and a strengthened short-term buffer. As of March 31, 2026, the company maintained an enhanced unencumbered cash and bank balance of Rs. 8.40 Crore (up from Rs. 6.72 Crore in FY25), driving a notable improvement in the Current Ratio to 1.78x (1.45x in FY25). Looking ahead, projected Net Cash Accruals (NCA) of Rs. 3.82 Crore to Rs. 4.39 Crore over FY27–FY28 provide a comfortable cushion against modest term debt obligations of Rs. 1.62 Crore and Rs. 1.56 Crore for the respective years. This repayment capacity is supported by a healthy Debt Service Coverage Ratio (DSCR) of 1.67x in FY26. Furthermore, while the business remains working-capital intensive, liquidity pressures are effectively mitigated by moderate fund-based bank limit utilization, which averaged ~50% over the 12 months ended August 2026, ensuring sufficient headroom for ongoing operational requirements.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

The overall ESG risk profile for Digvijay Construction Pvt. Ltd. is assessed as Neutral to Adequate, reflecting baseline statutory compliance, standard operational safety measures, and developing internal systems aligned with its current business scale.

Environmental:

The company's environmental footprint is primarily associated with road construction activity and hot mix plant operations. DCPL actively mitigates transport-related carbon emissions by adhering to plant-proximity mandates that keep municipal project sites within a 30 km radius, supported by a modernized, fuel-efficient captive machinery fleet. Raw material procurement for bitumen and fuel is anchored by sovereign-backed entities like HPCL to ensure environmental and safety compliance, while project sites implement continuous dust suppression and standard waste disposal practices in line with local pollution control board guidelines.

Social:

Operational safety and worker welfare are maintained through structured job-site safety protocols, including mandatory personal protective equipment (PPE) and regular safety briefings for field personnel and heavy equipment operators. DCPL strictly adheres to statutory labor regulations, minimum wage guidelines, and worker insurance policies. To limit community disruption during execution, the company deploys active site management practices, such as planned traffic diversions and dust mitigation across active work zones.

Governance:

DCPL operates as a promoter-managed entity with clear operational oversight and direct managerial accountability. Financial reporting is transparent, supported by independent statutory audits with clean reporting histories and zero adverse qualifications. Governance standards and lender alignment are further demonstrated by strong promoter commitment, highlighted by the infusion and long-term retention of Rs. 16.75 Crore in subordinated, interest-free unsecured loans to support growth and bolster the company's financial structure.

COMPANY/FIRM PROFILE

Industry Classification			
Macroeconomic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 1989 by founder Shri Digvijaysinh G. Padheria, Digvijay Construction Pvt. Ltd. (DCPL) has established itself as a premier Engineering, Procurement, and Construction (EPC) contractor headquartered in Gujarat. Over an operational history spanning three decades, the company has built robust execution capabilities across a diversified civil infrastructure portfolio, with core competencies in road and highway construction, bridge engineering, and large-scale irrigation projects including earthen dams and concrete canal lining. DCPL's significant operational moat is its esteemed "AA Class Contractor" registration with the Government of Gujarat, which enables the company to independently secure and execute high-value public tenders. Underpinned by a highly process-driven operational framework and an ISO 9001:2008 certification accredited by DNV, DCPL consistently ensures strict regulatory compliance, optimal resource utilization, and the timely, high-quality delivery of critical public infrastructure works.

KEY FINANCIAL INDICATORS

Standalone Financial Indicators (in ₹ crore)	FY(A)	FY (A)	FY (P)
Operating Revenue	105.67	98.78	83.20
EBITDA	7.98	7.66	7.40
PAT	2.69	2.54	2.82
Tangible Networth	26.99	29.51	32.34
Total Debt/ Tangible Networth	0.94	1.11	1.26
Current Ratio	1.76	1.45	1.78
* **A:** Audited **UA:** Unaudited **P:** Provisional **PROJ:** Projected			
Note: These are the latest available financial results. All ratios as per BWR's calculations; amounts in ₹ crore			

RATING HISTORY FOR THE PREVIOUS THREE YEARS

	Current Rating (2027)			Rating History					
				FY2026		FY2025		FY2024	
Instrument	**Tenor**	**Amount (₹. Crore)**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund Based	LT	21.36	BWR BBB-/Stable (Reaffirmed)	8 July 2025	BWR BBB-/Stable (Reaffirmed)	11 April 2024	BWR BBB-/Stable (Reaffirmed)	NA	NA
Fund Based	LT	5.84	BWR BBB-/Stable (Assigned)	8 July 2025	BWR BBB-/Stable (Assigned)	NA	NA	NA	NA
Non-Fund Based	ST	55.00	BWR A3 (Reaffirmed)	8 July 2025	BWR A3 (Reaffirmed)	11 April 2024	BWR A3 (Reaffirmed)	NA	NA

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Fund Based	Simple
Non-Fund Based	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, or industry risks, or complexity related to the structural, transactional or legal aspects.
Details on the complexity levels of the instruments are available on BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): NA

ANY OTHER INFORMATION: None

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Annexure I: Details of Bank Loan Facilities

SL. No.	Name of the Bank/Lender	Type Of Facilities	Tenor	Amount (₹ Crore)	Regulator
1	State Bank Of India (SBI)	Cash Credit - Sanctioned	Long Term	10.00	RBI
		Emergency Credit Line Guarantee Scheme (ECLGS) - Outstanding	Long Term	1.75	RBI
		Bank Guarantee - Sanctioned	Short Term	35.00	RBI
2	HDFC Bank Limited	Cash Credit - Sanctioned	Long Term	5.00	RBI
		Term Loan - Outstanding	Long Term	0.51	RBI
		Emergency Credit Line Guarantee Scheme (ECLGS) - Outstanding	Long Term	0.99	RBI
		Bank Guarantee - Sanctioned	Short Term	20.00	RBI
3	ICICI Bank Limited	Term Loan - Outstanding	Long Term	8.17	RBI
4	HDB Financial Services Limited	Term Loan - Outstanding	Long Term	0.33	RBI
5	Kotak Mahindra Bank Limited	Term Loan - Outstanding	Long Term	0.43	RBI
6	Mahindra & Mahindra Financial Services Limited	Term Loan - Outstanding	Long Term	0.02	RBI
Total				**82.20**	

ANNEXURE II: Details of Instruments/Facilities

Name of the Instrument / Facility	Long Term/ Short Term	ISIN	Date of Issuance (DD-MMYYYY)	Coupon Rate (%)	Maturity Date (DDMM-YYYY)	Size of the Issue (₹ cr)	Rating Assigned and Rating Outlook	Regulator
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE III: List of Entities Consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A.	Rating activities	
Sr. No	Instrument/activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brick Work Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during the regulatory regime prior to the introduction of the SEBI CRA Circular dated Feb 10, 2026, and the investor-side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B.	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating, such as research for Economy, Industries and Companies	NA

Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact **sebigrievance@brickworkratings.com**. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.
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Disclosure of Conflict of Interest

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

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Brickwork offers credit ratings of bank loans, Non- convertible/convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporate and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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