



Press Release

GVR Infraconstructions India Private Limited

May 15, 2025

Ratings

| Instrument Facility / | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|----------------------------|--|--|--|---------------|--------------------------------------|
| Long Term Bank Facilities | 46.18 (Reduced from Rs 72.12 crore) | IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook) | IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook) | Reaffirmed | Simple |
| Short Term Bank Facilities | 113.82 crore (enhanced from Rs 86.50 crore) | IVR A3 (IVR A Three) | IVR A3 (IVR A Three) | Reaffirmed | Simple |
| Total | 160.00 (Rs. One Hundred and Sixty 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 has reaffirmed its ratings on the bank facilities of the GVR Infraconstructions India Private Limited (GVRIIPL).

The rating reaffirmation factors the healthy order book position, consistent increase in operating profitability despite lower-than-expected revenues, healthy debt coverage indicators despite increase in debt, and support expected from experienced promoters with long-term track record. These rating strengths are partially offset by working capital intensive nature of operations marked by elongated operating cycle, geographical concentration, and tender driven nature of business in highly fragmented & competitive industry.

The stable outlook reflects Infomerics' expectations that company will continue to benefit from steady improvement in the scale of operations backed by a comfortable order book position.

Infomerics has also withdrawn its ratings on existing term loan facility availed from Indian Bank. The withdrawal is based on the request of GVRIIPL and 'No Due Certificate' received



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from the lender, Indian Bank. The ratings are withdrawn in accordance with Infomerics' policy on withdrawal.

Key Rating Sensitivities:

Upward Factors

- Significant growth in the scale of operations with improvement in profitability on a sustained basis.
- Significant improvement in capital structure and debt protection metrics.
- Significant improvement in the operating cycle leading to better-than-expected liquidity.

Downward Factors

- Significant decline in scale of operations along with moderation in profitability
- Deterioration in the capital structure with deterioration in overall gearing and/or moderation in interest coverage ratio.
- Elongation in operating cycle leading to moderation in liquidity position

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Healthy order book position

The company had an unexecuted order book of over Rs 1,350 crore as of March 2025 which is ~6x of its fiscal 2025 provisional revenue. These orders are to be executed over next 3 - 4 years and provides a healthy revenue visibility going forward.

Consistent increase in operating profitability despite lower-than-expected revenues

GVRILPL's revenue in fiscal 2024 declined by ~29% to Rs. 212.87 crore (Rs. 299.41 crore in FY23) mainly driven by back to back elections and slowdown in irrigation contracts. While revenues marginally improved to Rs. 225.75 crore in FY25 (Prov.) – a growth of 6% over previous year, the same is still below fiscal 2023 levels. Company has diversified into overburden removal (OBR) contract works for coal companies, this has resulted in earnings before interest tax, depreciation and amortization (EBITDA) margin to increase to 25.74% in fiscal 2025 (provisional) as compared with 22.94% in fiscal 2024. Company has also availed



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substantial debt during fiscal 2024 for buying new equipment for OBR contract works which has led to higher interest and depreciation cost during fiscal 2024 and fiscal 2025. However, higher EBITDA margins have largely offset the increased interest and depreciation cost. Therefore, PAT margins have improved to 7.04% in FY25 (Prov.) as compared with 5.90% in FY24 (4.96% in FY23).

Healthy debt coverage indicators despite increase in debt

Total debt stood at Rs. 141.94 crore as of March, 2025 (provisional) as compared with Rs. 165.15 crore as of March 2024 (Rs 86.44 crore as of March 2023). As on March 31, 2025, the overall gearing ratio and TOL/TNW stood at 1.32x (PY:1.77x) and 2.02x (PY:2.62x) respectively. The capital structure is expected to improve with regular loan repayments and reserve accretion aiding to tangible net worth over the medium term. Further, interest coverage remained comfortable at 3.33x in FY25 (provisional) like FY24. While debt service coverage ratio (DSCR) moderated slightly to 1.46x for the period through fiscal 2025, it remains healthy.

Experienced promoters with a long-term track record

Telangana-based GVRIPL was promoted by Mr. G. Venkateswar Reddy in 2014. The company participates in irrigation project tenders issued by the Telangana government and overburden removal contracts mainly from Singareni Collieries Company Limited (SCCL), a public sector undertaking. The promoter's established credentials and GVRIPL's reasonably long track record plays a key role in securing successful bids and timely execution of projects.

Key Rating Weaknesses

Working capital intensive nature of operations marked by elongated operating cycle

Operations of the company are working capital intensive reflected in the operating cycle of 206 days in FY24 which elongated to 221 days in FY25 (Provisional) driven by higher debtors' collection period of 333 days as of March, 2025 (prov.) as compared with 352 days as of March 2024 (221 days of March 2023). This is due to high retention money which is generally released 3–5 years after project completion. Further, majority of the work orders (~30-40%) are completed in the last quarter of the fiscal which results in higher debtor buildup. That said, any substantial built-up in debtors and its recoverability will remain a key monitorable.

Geographical concentration



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GVRIIPL remains exposed to high client and geographical concentration risks, with operations solely dependent on two key customers—The Singareni Collieries Company Limited (SCCL) for overburden removal contracts and the Irrigation & CAD Department of the Government of Telangana for irrigation contracts, and also entirely concentrated within the state of Telangana. However, in FY24, the company diversified into overburden (OB) removal segment for SCCL, contributing ~20% of the revenue in FY24 and FY25. However, successful stabilisation and scale-up in this segment will remain a key monitorable.

Tender driven nature of business in highly fragmented & competitive industry

GVRIIPL's business is dependent on the company's ability to successfully bid for the tenders. Further, the sector, particularly irrigation EPC segment, is highly fragmented with presence of many players with varied statures & capabilities. This restricts its operating and financial flexibility. However, the entry barriers are limited in overburden removal contracts due to the need for specialized heavy equipment, technical expertise, and strong financial capacity. This mitigates overall competitive intensity risk to some extent for GVRIIPL.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Criteria on Rating Watch](#)

[Policy on Withdrawal of ratings](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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Liquidity –Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by sufficient cash accruals (Rs 40-60 crore) vis-à-vis its debt repayment obligations (Rs 10-20 crore). In addition to the same, average fund based working capital utilization for the 12 months ended March 2025 stood at ~77%, which also indicates adequate liquidity buffer. Furthermore, absence of any major debt funded capex also adds support to the liquidity to some extent. Liquidity is further supported by free cash and bank balance of Rs 3.00 crore as on March 31, 2025 (Prov.)

About the Company

Incorporated in 2014, and based out of Warangal, Telangana, GVR Infraconstructions India Private Limited (GVR IIP L) is engaged in the business of civil construction pertaining to irrigation works for the state government of Telangana and overburden removal contracts for The Singareni Collieries Company Limited (SCCL), within the state of Telangana. The entity is promoted by Mr. Gankidi Venkateswar Reddy, with day-to-day operations overseen by his family members.

Financials (Standalone):

| For the year ended/ As on* | (Rs. crore) | |
|----------------------------|-------------|-------------|
| | 31-03-2024 | 31-03-2025 |
| | Audited | Provisional |
| Total Operating Income | 212.87 | 225.75 |
| EBITDA | 48.84 | 58.10 |
| PAT | 12.61 | 15.95 |
| Total Debt | 165.15 | 141.94 |
| Tangible Net Worth | 93.29 | 107.44 |
| EBITDA Margin (%) | 22.94 | 25.74 |
| PAT Margin (%) | 5.90 | 7.04 |
| Overall Gearing Ratio (x) | 1.77 | 1.32 |
| Interest Coverage (x) | 3.34 | 3.33 |

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

Acuite Ratings vide its PR dated December 16, 2024, has continued the ratings in Issuer Not Cooperating category due to non-submission of information by the company.

Any other information: Not Applicable



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Rating History for last three years:

| Sr. No. | Name of Security/ Facilities | Current Ratings (2025-26) | | | Rating History for the past 3 years | | |
|---------|---------------------------------|---------------------------|-------------------------------------|-----------------|---|---|---|
| | | Type | 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 |
| | | | | | - | March 13, 2024 | January 02, 2023 |
| 1 | Term Loan (GECL) | Long Term | 3.18 | IVR BBB-/Stable | - | IVR BBB-/Stable | IVR BBB-/Stable |
| 2 | Term Loan | Long Term | - (Earlier rated Rs 27.44 crore) | IVR BBB-/Stable | - | IVR BBB-/Stable | - |
| 3 | Cash Credit | Long Term | 38.00 | IVR BBB-/Stable | - | IVR BBB-/Stable | IVR BBB-/Stable |
| 4 | Proposed Cash Credit | Long Term | 5.00 | IVR BBB-/Stable | - | IVR BBB-/Stable | IVR BBB-/Stable |
| 5 | Bank Guarantee | Short Term | 56.50 | IVR A3 | - | IVR A3 | IVR A3 |
| 6 | Proposed Bank Guarantee | Short Term | 57.32 | IVR A3 | - | - | IVR A3 |

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.



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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 |
|-------------------------------|------|---------------------|------------------------|------------------|---------------------------------|--------------------------------|
| GECL 1 | - | - | - | Oct-24 | 1.18 | IVR BBB-/Stable |
| GECL 2 | - | - | - | Jan-28 | 2.00 | IVR BBB-/Stable |
| Cash Credit | - | - | - | - | 38.00 | IVR BBB-/Stable |
| Proposed Cash Credit | - | - | - | - | 5.00 | IVR BBB-/Stable |
| Bank Guarantee 1 | - | - | - | - | 52.00 | IVR A3 |
| Bank Guarantee 2 | - | - | - | - | 4.50 | IVR A3 |
| Proposed Bank Guarantee | - | - | - | - | 57.32 | IVR A3 |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-GVRIPL-may25.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.