

April 15, 2024

## Cherian Varkey Construction Company Private Limited: Moved to Non-Cooperating category

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based CC	84.0	84.0	[ICRA]BBB+(Negative); ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' Category.
Long-term/Short-term – Non-fund based – Bank guarantee	200.0	200.0	[ICRA]BBB+ (Negative)/[ICRA]A2; ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' Category.
<b>Total</b>	<b>284.0</b>	<b>284.0</b>	

\*Issuer did not cooperate; based on best available information.

<sup>^</sup>Instrument details are provided in Annexure-1

### Rationale

ICRA has moved the ratings of Cherian Varkey Construction Company Private Limited (CVCC) to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]BBB+ (Negative)/[ICRA]A2 ISSUER NOT COOPERATING".

As part of its process and in accordance with its rating agreement with Cherian Varkey Construction Company Private Limited (CVCC), ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite cooperation and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities : [Click here.](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Construction</a> <a href="#">Policy in respect of Non-cooperation by a rated entity</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

### About the company

Cherian Varkey Construction Company Private Limited (CVCC) is a Kochi-based construction contractor. It was established in 1975 as a proprietorship concern by Mr. Cherian Varkey. Reconstituted in 2000 as a private limited company, CVCC undertakes contracts primarily in the infrastructure segment for construction of roads, bridges, metro projects, etc, and buildings for private players. Its major clients include government departments in Kerala such as Kerala PWD, Kerala State Construction Corporation and private players. Apart from its contracts division, it has a ready-mix concrete manufacturing division, and a housing division that undertakes small-scale real estate projects. CVCC is closely held by the family of the company's founder, Mr. Cherian Varkey.

## Key financial indicators (audited)

	FY2022	FY2023
Operating income (Rs. crore)	245.2	254.1
PAT (Rs. crore)	13.7	15.2
OPBDIT/OI (%)	12.9%	10.1%
PAT/OI (%)	5.6%	6.0%
Total outside liabilities/Tangible net worth (times)	0.9	0.9
Total debt/OPBDIT (times)	2.7	4.4
Interest coverage (times)	5.2	3.2

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: Not Applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on March 31, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				Apr 15, 2024	Mar 15, 2024	Jan 30, 2023	Oct 29, 2021
1 Cash credit	Long term	84.0	-	[ICRA]BBB+ (Negative); ISSUER NOT COOPERATING	[ICRA]BBB+ (Negative)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
2 Bank guarantee	Long term and short term	200.0	-	[ICRA]BBB+ (Negative) / [ICRA] A2; ISSUER NOT COOPERATING	[ICRA]BBB+ (Negative) / [ICRA] A2	[ICRA]A- (Stable)/[ICRA]A2+	[ICRA]A- (Stable)/[ICRA]A2+
3 Unallocated	Long term and short term	0.0	-	-	-	-	[ICRA]A- (Stable)/[ICRA]A2 +

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term – Fund-based CC	Simple
Long-term/Short-term – Non-fund based – Bank guarantee	Very 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, is 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	Fund-based facilities	NA	NA	NA	84.0	[ICRA]BBB+ (Negative); ISSUER NOT COOPERATING
NA	Non-fund based facilities	NA	NA	NA	200.0	[ICRA]BBB+ (Negative) / [ICRA] A2; ISSUER NOT COOPERATING

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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