

September 24, 2025

BVSR Constructions Private Limited: Rating reaffirmed; outlook revised to Positive from Stable; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based – Term loan	10.00	10.00	[ICRA]BBB+ (Positive); reaffirmed with change in outlook to Positive from Stable
Long-term – Fund-based – Cash credit	15.00	35.00	[ICRA]BBB+ (Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Long-term – Non-fund based – Others	265.00	365.00	[ICRA]BBB+ (Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Long-term – Unallocated	35.00	-	-
Total	325.00	410.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation with change in outlook to Positive factors in the expectation of an improvement in BVSR Construction Private Limited's (BVSR) revenues in the near term, supported by a healthy order book of Rs. 2,542.8 crore as on May 31, 2025 and improved order book profile with Central Government agencies accounting for 75% of the order book compared to less than 30% as on December 31, 2022. Its revenues increased to Rs. 460.4 crore in FY2025 from Rs. 363.8 crore in FY2024 on account of improved order execution and is expected to be in the range of Rs. 530-540 crore in FY2026. The rating considers BVSR's strong operational track record, demonstrated by its ability to execute road construction and irrigation projects over the past fifteen years and comfortable financial risk profile with consolidated TOL/TNW of 1.0 times as on March 31, 2025, and interest cover of 5.9 times in FY2025. In the absence of any major debt-funded capex/investment plans, ICRA expects the leverage and debt coverage metrics to remain adequate in the medium term.

The rating is, however, constrained by the high geographical concentration risk with the entire order book confined to Andhra Pradesh, Telangana and West Bengal and the top three segments contributing to the entire order book as on May 31, 2025. BVSR has provided a corporate guarantee to the working capital facilities of Nanda Chemicals Private Limited (NCPL) and ICRA has consolidated the same for the rating assessment. NCPL manufactures sulphuric acid and achieved revenues of Rs. 67.2 crore, with operating margins of 10.4% in FY2025. Its revenues are expected to improve to more than Rs. 70.0 crore.

Further, BVSR has high investments and extended group advances of Rs. 151.2 crore as on March 31, 2025, representing 50% of its net worth. Therefore, any incremental investment towards Group companies or the addition of BOT projects, which could materially impact its liquidity position, remains a key rating monitorable. Nevertheless, the company has access to surpluses from its subsidiary road projects, BVSR Harda Betul Road Projects Private Limited (Harda), BVSR SSG Road Projects Private Limited (BVSR SSG) and G V Road Projects Private Limited (GV Road, rated [ICRA]A/Stable), mitigating the risk to an extent. BVSR Harda and SSG are debt free and are receiving annuities in a timely manner from Madhya Pradesh Road Development Corporation Limited (MPRDC). The working capital intensity is moderate at 15%. Further, a large portion of BVSR's working capital requirement is funded by trade creditors and subcontractors. Any stretch in working capital cycle or delay in project execution could impact the company's revenues and liquidity position, which remains a key monitorable.

BVSR also has sizeable contingent liabilities in the form of bank guarantees (BG), mainly for contractual performance, mobilisation advances and security deposits. Any penalty or invocation of BGs on projects could have a bearing on its liquidity position. Nonetheless, ICRA draws comfort from BVSR's long presence in the industry, healthy execution track record and the fact that no guarantees have been invoked in the past.

The Positive outlook on the long-term rating reflects ICRA's opinion that BVSR's credit profile is likely to improve owing to its healthy order book position and expected execution, along with timely receipt of payments.

Key rating drivers and their description

Credit strengths

Healthy order book position provides medium-term revenue visibility – The company has an order book of ~Rs. 2542.8 as on May 31, 2025. The order book/OI stood at 5.8 times of FY2025 revenues providing medium-term revenue visibility. Adjusted for slow moving orders of Rs. 522.1 crore, the order book remained healthy at Rs. 2,020.7 crore as on May 31, 2025.

Improved order book profile to support revenue and cash flow – The order book profile improved with around ~75% of the order book funded by the Central Government compared to majority of the order book being from the state government in the past. Also, the execution risk moderated with ~38% of its order book in the initial stages of execution (progress less than 10%) compared to more than 85% as on May 29, 2024. BVSR's revenues grew to Rs. 460.4 crore in FY2025 from Rs. 363.8 crore in FY2024 and Rs. 189.4 crore in FY2023 due to improved order execution. With improvement in execution of key orders, the revenue is projected to increase to more than Rs. 520.0 crore in FY2026.

Comfortable leverage and coverage metrics – The company's capital structure has remained comfortable, as reflected in consolidated TOL/TNW of 1.0 times on March 31, 2025. The interest coverage is healthy at 5.9 times in FY2025 and is expected to remain comfortable in the medium term owing to low debt levels.

Credit challenges

Sizeable investments in Group companies and exposure to non-core investments – The investments and advances to Group entities stood at Rs. 151.2 crore as on March 31, 2025. The total investments and advances are ~69% of the company's total net worth, which constrains its financial flexibility. Further, any significant incremental support towards the Group companies, or the addition of BOT projects impacting its liquidity position, will remain a key rating monitorable.

Concentrated orderbook – The company's order book faces high project concentration risk as the top five projects accounted for ~82% of the order book as on May 31, 2025. The geographical concentration risk is also high with the entire order book confined to Andhra Pradesh, Telangana and West Bengal and top three segments constituting the entire order book as of May 31, 2025.

Risks associated with construction sector, including sizeable non-fund based exposure – BVSR is exposed to the cyclicity inherent in the construction industry and intense competition in the tender-based contract award system, resulting in the risk of volatility in order inflows, revenues and pressure on profit margins. However, its long presence in the industry and established relationships with clients, provide comfort. Most of its contracts have the provision for price variation of key raw materials such as cement and steel, which protects the profitability to an extent. It is exposed to sizeable contingent liabilities in the form of BGs (~Rs. 201 crore as on May 31, 2025), mainly towards performance guarantee, mobilisation advances and security deposits. Nonetheless, ICRA draws comfort from BVSR's healthy execution track record and no invocation of guarantees in the past.

Liquidity position: Adequate

BVSR's liquidity position is adequate with free cash balances of around Rs. 28.6 crore as on March 31, 2025 and sufficient cushion available in fund-based limits. The company has low debt repayment obligations and minimal capex plans over the

next 12 months. The cash flow from operations, along with their existing cash balances, is sufficient for the debt repayment and working capital requirements.

Rating sensitivities

Positive factors – The rating maybe upgraded upon sustained and significant increase in billing, along with improvement in order book profile and profitability margins resulting in low leverage, healthy coverage indicators and improvement in liquidity position.

Negative factors – Pressure on BVSR's rating could arise if the company is unable to improve the order execution/addition and/or deterioration in coverage and leverage metrics and/ or if there is a significant increase in exposure to Group companies and development (BOT) projects adversely impacting the coverage metrics or liquidity position. Specific credit metrics that would lead to a rating downgrade will include TOL/TNW increasing beyond 1.4 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has consolidated the financials of BVSR and Nanda Chemicals Private Limited (NCPL) for which BVSR has provided a corporate guarantee.

About the company

Incorporated in 2001 as a partnership firm by the Late B.V. Subba Reddy and later converted into a private limited company in 2004, BVSR Constructions Private Limited (BVSR) is primarily involved in construction of roads, bridges and irrigation works. It ventured into the layout segment in FY2024. The company's road project portfolio comprises one Hybrid Annuity Model (HAM) project—GV Road Projects Private Limited (rated [ICRA]A/Stable) —under the concession authority of NHAI, and five annuity-based projects. Among the annuity projects, the concession period for BVSR PAM Road Projects Private Limited, BVSR PRP Road Projects Private Limited, and BVSR KP Road Projects Private Limited have concluded. The remaining two annuity projects, BVSR Harda Betul Road Projects Private Limited and BVSR SSG Road Projects Private Limited, are under the concession authority of Madhya Pradesh Road Development Corporation Ltd (MPRDCL).

Nanda Chemicals Private Limited (NCPL) was incorporated on October 14, 2019 by Mr. Srinivasul Reddy B, promoter of BVSR. The company produces Di Calcium Phosphate (DCP), sulphuric acid, hydrated lime, probiotics and gypsum. The manufacturing plant is located in Nellore, Andhra Pradesh, which is near the Krishnapatnam Port.

Key financial indicators

BVSR (Consolidated)	FY2024	FY2025*
Operating income	420.3	527.6
PAT	-1.3	37.4
OPBDIT/OI	4.9%	8.1%
PAT/OI	-0.3%	7.1%
Total outside liabilities/Tangible net worth (times)	1.1	1.0
Total debt/OPBDIT (times)	4.4	2.2
Interest coverage (times)	3.4	5.9

Source: Company, ICRA Research; * Provisional numbers; 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

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sep 24, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based - Term loan	Long term	10.00	[ICRA]BBB+ (Positive)	Jun 28, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
Fund-based – Cash credit	Long term	35.00	[ICRA]BBB+ (Positive)	Jun 28, 2024	[ICRA]BBB+ (Stable)	-	-	Mar 07, 2023	[ICRA]BBB+ (Stable)
								May 13, 2022	[ICRA]A- (Stable)
Non-fund based - Others	Long term	365.00	[ICRA]BBB+ (Positive)	Jun 28, 2024	[ICRA]BBB+ (Stable)	-	-	Mar 07, 2023	[ICRA]BBB+ (Stable)
								May 13, 2022	[ICRA]A- (Stable)
Unallocated	Long term	-	-	Jun 28, 2024	[ICRA]BBB+ (Stable)	-	-	Mar 07, 2023	[ICRA]BBB+ (Stable)
								May 13, 2022	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Fund-based – Cash credit	Simple
Long-term – Non-fund Based – Others	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 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	Long-term – Fund based - Term loan	Jan 2025	NA	March 2031	10.00	[ICRA]BBB+ (Positive)
NA	Long-term – Fund-based – Cash credit	NA	NA	NA	35.00	[ICRA]BBB+ (Positive)
NA	Long-term – Non Fund Based - Others	NA	NA	NA	365.00	[ICRA]BBB+ (Positive)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	BVSR ownership	Consolidation approach
Nanda Chemicals Private Limited	-	Full consolidation

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