November 26, 2025

GVPR Engineers Limited: Long-term rating upgraded to [ICRA]AA- (Stable); short-term rating reaffirmed at [ICRA]A1+; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based	450.00	500.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable) and assigned for enhanced limits
Long-term –Interchangeable – Packing credit	-	(200.00)	[ICRA]AA- (Stable); assigned
Long-term – Non-fund based	4,300.00	4,880.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable) and assigned for enhanced limits
Long-term – Interchangeable – Foreign BG	-	(350.00)	[ICRA]AA- (Stable); assigned
Short-term – Interchangeable – Letter of credit	(410.00)	(205.00)	[ICRA]A1+; reaffirmed
Short-term – Non-fund based – Letter of credit	750.00	470.00	[ICRA]A1+; reaffirmed
Short-term – Interchangeable – Foreign LC	-	(90.00)	[ICRA]A1+; assigned
Long-term/Short-term – Unallocated limits	-	150.00	[ICRA]AA- (Stable)/ [ICRA]A1+; assigned
Total	**5,500.0**	**6,000.0**	

**Instrument details are provided in Annexure I*

Rationale

The long-term rating upgrade of GVPR Engineers Limited (GVPR) favourably factors in the healthy improvement in its financial risk profile, marked by TOL/TNW improving to 0.8 times as on March 31, 2025, from 1.3 times as on March 31, 2024, and the expectation of its sustenance going forward. The ratings also factor in the large scale of operations, with revenues increasing to over Rs. 4,000 crore in the last two fiscals from Rs. 2,646.1 crore in FY2023. This was largely driven by the improved execution of Jal Jeevan Mission (JJM) projects in Maharashtra, Uttar Pradesh and Rajasthan, and expected to sustain on the back of a healthy order book position, which stood at Rs. 11,833.95 crore as on August 31, 2025, translating to an order book to FY2025 operating income ratio of 3 times, providing medium-term revenue visibility. ICRA expects incremental revenue from FY2026 from the recently commenced mining operations in the Koira mines in Odisha and the Bellary mines in Karnataka. The company has billed ~Rs. 950 crore in 5M FY2026, and the revenues are estimated to cross Rs. 4,500 crore in FY2026. The ratings also positively consider GVPR's strong liquidity position, with sizeable free cash balances and and investments[1] of Rs. 1,136.63 crore as on June 30, 2025, resulting in a negative net debt position for the company. The company has an established track record of over four decades in the execution of irrigation and drinking water projects, with key orders from reputed clients such as the Central Government-funded Jal Jeevan Mission and corporations like Brihanmumbai Municipal Corporation and Maharashtra Jeevan Pradhikaran, as well as water resources departments of various state governments, resulting in a comfortable cash conversion cycle and supporting its liquidity position.

[1] *includes fixed deposits and mutual funds and excludes investments in subsidiaries.*

The long-term rating is however constrained by the relatively moderate coverage metrics with PBDIT[2]/interest at 4.2 times for FY2025. GVPR's operations are working capital intensive in nature and are partially funded by interest-bearing mobilisation advances, resulting in moderate debt coverage metrics. The order book is geographically concentrated, with orders from the top three states (Bihar, Maharashtra, and Rajasthan) accounting for 75% of the order book as on August 31, 2025. Further, the order book is also exposed to segmental risk, with the irrigation works and water supply segments contributing around 73% of the pending order book as on August 31, 2025. ICRA, however, notes the company's business diversification plans towards developmental projects in segments like water supply, smart meter, and port development, which will entail sizeable equity commitments in the medium term. Given the strong liquidity position and healthy operational cash flows, ICRA expects the company to comfortably meet the equity requirements; however, the ramp-up in these developmental projects and the ability to generate healthy returns remain to be seen and continue to be key rating monitorable. Going forward, any material increase in exposure to developmental projects that could affect debt protection metrics and/or the liquidity position will be a credit negative. The company is exposed to the inherent cyclicality in the construction industry and intense competition in tender-based contract award systems, resulting in volatility in new order inflows, revenues, and pressure on margins. The company also has sizeable contingent liabilities in the form of bank guarantees and letters of credit, mainly towards performance guarantees, mobilisation advances, retention money, and material purchases. Nonetheless, ICRA draws comfort from its execution track record and the absence of any bank guarantee invocations in the past.

The Stable outlook reflects ICRA's opinion that GVPR will be able to sustain its scale of operations, supported by healthy order book position and execution coupled with strong liquidity profile.

Key rating drivers and their description

Credit strengths

Healthy order book position renders good revenue visibility – In the past two years, GVPR's revenues increased to more than Rs. 4,000 crore from Rs. 2,646.1 crore in FY2023, largely driven by the improved execution of Jal Jeevan Mission (JJM) projects in Maharashtra, Uttar Pradesh, and Rajasthan. Its scale of operations is expected to sustain on the back of a healthy order book position, which stands at Rs. 11,833.95 crore as on August 31, 2025, translating to an order book to FY2025 operating income ratio of 3 times, providing medium-term revenue visibility. Further, recently commenced mining operations in Koira and Bellary are expected to boost revenues going forward. It achieved ~Rs. 950 crore of billings in 5M FY2026, and the revenues are estimated to cross Rs. 4,500 crore in FY2026.

Improved financial risk profile with low leverage – GVPR's leverage, marked by TOL/TNW has improved to 0.8 times as on March 31, 2025, from 1.3 times as on March 31, 2024, and is expected to remain healthy going forward, driven by the sustained scale of operations and profit margins. This is further supported by strong liquidity position, with sizeable, unencumbered cash balance and investments, resulting in a negative net debt position.

Established track record and strong execution capabilities – The company has an established track record of over four decades in the execution of irrigation and drinking water projects and demonstrated capabilities in completing projects in various states across the country. GVPR's client profile is reputed, consisting largely of corporations like Brihanmumbai Municipal Corporation and Maharashtra Jeevan Pradhikaran, and water resources departments of various state governments, which exposes it to low counterparty credit risk and is likely to result in timely receipt of payments from its key customers, supporting its cash flow and liquidity position

[2] *Includes interest income from the sizeable fixed deposits maintained with the various consortium lenders.*

Credit challenges

Sizeable investments towards developmental projects – The company has entered into various developmental projects in water supply, smart meter, and port development segments as part of its business diversification plans for the medium term. While GVPR can comfortably meet the equity requirements for its developmental projects, given its strong liquidity, its ability to successfully commission these projects on time and within budgeted costs and achieve timely ramp-up post commissioning to generate healthy returns remains a key rating monitorable.

Concentrated order book – Although the order book is geographically diversified, with orders spread across nine states, the top three states (Bihar, Maharashtra, and Rajasthan) accounted for 75% of the order book as on August 31, 2025. Given its significant focus on irrigation and drinking water across the country, the company has secured multiple drinking water and irrigation projects and derived ~60% of its total revenues in FY2025. Further, the irrigation works and water supply segments contributed around 73% of the pending order book as on August 31, 2025, followed by sewage treatment plant works at around 17%. The revenue concentration on these segments is expected to continue in the medium term.

Stiff competition in construction industry – GVPR is exposed to the cyclicality inherent in the construction industry and intense competition in the tender-based contract award system, resulting in volatility in order inflows, revenues, and pressure on profit margins. However, its long-standing presence and established client relationships provide comfort. Most contracts have provisions for price variation of key raw materials such as cement and steel, which protect profitability to an extent. It is also exposed to sizeable contingent liabilities in the form of bank guarantees, mainly towards performance guarantees, mobilisation advances and retention money. Nonetheless, ICRA draws comfort from GVPR's healthy execution track record and the absence of invocation of guarantees in the past.

Liquidity position: Strong

GVPR's liquidity position is strong, with unencumbered cash balances of Rs. 1,136.63 crore as on June 30, 2025. The company has debt repayment obligations of ~Rs. 9 crore, capex plans of Rs. 60 crore, and significant investment plans of Rs. 130–150 crore in FY2026, which can be comfortably met through its cash flows from operations and available cash balances. The average working capital utilisation for the past 12 months ending August 2025 remained moderate at 68%.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company demonstrates a sustained improvement in its scale of operations, business diversification, and profitability margins, resulting in a significant improvement in debt coverage metrics while maintaining a strong liquidity position on a sustained basis.

Negative factors – Pressure on GVPR's ratings may arise if there is any decline in billing or elongation of the working capital cycle and/or any increase in equity commitments towards BOT/developmental projects resulting in material deterioration in the liquidity position, increase in leverage, and/or weakening of debt protection metrics. A specific credit metric for a downgrade is TOL/TNW increasing beyond 1.3 times and/or depletion of unencumbered liquidity to below Rs. 600 crore 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 done full consolidation of subsidiaries mentioned in the Annexure II factoring in the equity commitments and support towards meeting any cash flow mismatches.

About the company

GVPR Engineers Limited was founded by Mr. G.S.P. Veera Reddy in the 1960s and was later converted into a private limited company in 1997. It executes civil engineering contracts and electrical works. The company is focused on the execution of engineering, procurement, and construction (EPC) contracts, especially in essential services such as water resource management, electric power, lift irrigation, STP, road, drinking water, and sanitation, and has a geographical presence across nine states. The company has also entered the smart meters segment, involving the installation of smart meters and related infrastructure in West Bengal under the Revamped Distribution Sector Scheme.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	4293.7	4009.2
PAT	260.0	264.5
OPBDIT/OI	9.1%	9.4%
PAT/OI	6.1%	6.6%
Total outside liabilities/Tangible net worth (times)	1.3	0.8
Total debt/OPBDIT (times)	0.3	0.3
Interest coverage (times)	3.2	3.3

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

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Nov 26, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based	Long-term	500.00	[ICRA]AA- (Stable)	Aug 29, 2024	[ICRA]A+ (Stable)	Dec 29, 2023	[ICRA]A+ (Stable)	Sep 06, 2022	[ICRA]A+ (Stable)
				-	-	Sep 22, 2023	[ICRA]A+ (Stable)	-	-
Interchangeable – Packing Credit	Long-term	(200.00)	[ICRA]AA- (Stable)	-	-	-	-	-	-
Non-fund based	Long-term	4,880.00	[ICRA]AA- (Stable)	Aug 29, 2024	[ICRA]A+ (Stable)	Dec 29, 2023	[ICRA]A+ (Stable)	Sep 06, 2022	[ICRA]A+ (Stable)
			-	-	-	Sep 22, 2023	[ICRA]A+ (Stable)	-	-
Interchangeable – Foreign BG	Long-term	(350.00)	[ICRA]AA- (Stable)	-	-	-	-	-	-
Interchangeable – Letter of Credit	Short-term	(205.00)	[ICRA]A1+	Aug 29, 2024	[ICRA]A1+	Dec 29, 2023	[ICRA]A1+	-	-
Non-fund based – Letter of Credit	Short-term	470.00	[ICRA]A1+	Aug 29, 2024	[ICRA]A1+	Dec 29, 2023	[ICRA]A1+	Sep 06, 2022	[ICRA]A1+
			-	-	-	Sep 22, 2023	[ICRA]A1	-	-
Interchangeable – Foreign LC	Short-term	(90.00)	[ICRA]A1+	-	-	-	-	-	-
Unallocated limits	Long-term/ Short-term	150.00	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based	Simple
Long-term –Interchangeable – Packing Credit	Simple
Long-term – Non-fund based	Very Simple
Long-term – Interchangeable – Foreign BG	Very Simple
Short-term – Interchangeable – Letter of Credit	Very Simple
Short-term – Non-fund based – Letter of Credit	Very Simple
Short-term – Interchangeable – Foreign LC	Very Simple
Long-term/Short-term – Unallocated limits	Not applicable

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	**Fund-based**	NA	NA	NA	500.00	[ICRA]AA- (Stable)
NA	**Interchangeable – Packing credit**	NA	NA	NA	(200.00)	[ICRA]AA- (Stable)
NA	**Non-fund based**	NA	NA	NA	4880.00	[ICRA]AA- (Stable)
NA	**Interchangeable – Foreign BG**	NA	NA	NA	(350.00)	[ICRA]AA- (Stable)
NA	**Interchangeable – Letter of credit**	NA	NA	NA	(205.00)	[ICRA]A1+
NA	**Non-fund based – Letter of credit**	NA	NA	NA	470.00	[ICRA]A1+
NA	**Interchangeable – Foreign LC**	NA	NA	NA	(90.00)	[ICRA]A1+
NA	**Unallocated limits**	NA	NA	NA	150.00	[ICRA]AA- (Stable)/ [ICRA]A1+

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	Ownership	Consolidation approach
Vijaya Wb Smart Meters Private Limited	100%	Full Consolidation
Honnavar Port Private Limited	94%	Full Consolidation

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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