

January 02, 2026

Liya Infratech Private Limited: Ratings reaffirmed; outlook revised to Stable from Negative

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund based – Cash credit	40.00	40.00	[ICRA]BB+(Stable); reaffirmed; outlook revised to Stable from Negative
Short term – Non fund based – Bank guarantee	33.00	33.00	[ICRA]A4+; reaffirmed
Long term / Short term – Unallocated	3.00	3.00	[ICRA]BB+ (Stable); reaffirmed and outlook revised to Stable from Negative/[ICRA]A4+; reaffirmed
Total	76.00	76.00	

*Instrument details are provided in Annexure I

Rationale

The revision of Liya Infratech Private Limited's (LIPL) long-term rating outlook to *Stable* from *Negative* reflects a reduction in the working capital intensity and a sustained improvement in revenue and earnings in FY2024 and FY2025. ICRA expects that the company will continue to report steady growth in revenue and profitability while maintaining adequate debt protection metrics. However, the liquidity position continued to be stretched due to high utilisation of fund-based working capital limits, limited cushion in non-fund-based limits, as well as minimal free cash and bank balance.

ICRA notes that LIPL's revenue grew by about 54% year-on-year (YoY) in FY2025 to Rs. 155.9 crore, driven by higher order inflows, while operating profit rose to Rs. 19.7 crore from Rs. 13.6 crore in FY2024. The company maintains a healthy order book of around Rs. 230 crore as of November 2025 and is expected to secure sizeable orders in Q4 FY2026, ensuring near-to-medium term revenue visibility. The ratings also factor in the improvement in net working capital intensity (NWC/OI) to about 35% in FY2025 from ~64% and ~42%, respectively, in FY2023 and FY2024, aided by reduced receivable and inventory days, although it remained elevated. Additionally, the enhancement of fund-based working capital limits by Rs. 10 crore in June 2025 supported the incremental requirements. Besides, the increase in overall earnings has aided improved key credit metrics, including interest coverage of 2.9 times in FY2025 and total debt/OPBDITA of 2.2 times as of March 31, 2025. The ratings continue to reflect the company's established track record in road and industrial building construction as well as its reputed client base, primarily constituting Government agencies such as the National Highway Authority of India (NHAI) and Karnataka Industrial Areas Development Board (KIADB), which mitigates counterparty credit risk.

The ratings, however, remain constrained by LIPL's stretched liquidity position, moderate scale of operations and high working capital intensity. Fund-based working capital utilisation was elevated at around 91% over the past 12 months ending November 2025, and the company does not maintain significant free cash or bank balances for contingencies. Its ability to manage the working capital cycle and improve liquidity will be a key credit monitorable. Additionally, the company faces region-specific economic and political risks as its order book is concentrated in Karnataka. Intense competition in the construction sector may pressure new order inflows, and LIPL remains exposed to sizeable contingent liabilities of about Rs. 25 crore in the form of bank guarantees, primarily for bid security and deposits.

The Stable outlook reflects ICRA's belief that LIPL will continue to benefit from its long track record of operations in civil construction and its healthy book position. The company's revenue is likely to grow steadily while sustaining its profit margins over the medium term. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics.

Key rating drivers and their description

Credit strengths

Established track record in road and industrial building construction – Established in 2010, LIPL has a track record of over 15 years in the construction industry in Karnataka. The promoters have more than two decades of experience in the civil construction industry. The company has completed various road projects and has executed industrial estates, including buildings for various Government agencies, which supports its bidding capabilities and order inflow.

Healthy order book provides medium-term revenue visibility – LIPL has an outstanding order book of around Rs. 230 crore as of November 2025, translating to 1.5 times of its revenue in FY2025. This provides medium-term revenue visibility, which is adequate, considering the average execution time of one to two years.

Credit challenges

High working capital intensity – Despite the improvement, LIPL's working capital intensity remained high, as reflected in NWC/OI of around 35% in FY2025 compared to ~64% and ~42%, respectively, in FY2023 and FY2024 due to higher inventory holding. The same has increased the company's reliance on external debt, as reflected in cash credit limit utilisation of more than 90% in the 12 months ending in November 2025. Nevertheless, the recent enhancement in bank limits supports the incremental working capital requirement to an extent.

Moderate scale of operations – Although LIPL's revenues increased to Rs. 155.9 crore in FY2025, aided by an improved order book position, the scale of operations remains relatively moderate. Nevertheless, a healthy order book position, driven by the company's proven track record in the civil construction industry, is expected to support revenue growth going forward. Its ability to consistently improve its scale over the medium term, led by timely and healthy order addition remains monitorable.

High geographical and customer concentration risks – Most projects in the company's order book are in Karnataka, exposing LIPL to region-specific economic and political risks. Additionally, about 90% of the pending order book as of November 2025 was from top three customers, i.e. the NHAI, KIADB, and Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), indicating significant customer concentration risk. Nevertheless, the reputed customer profile results in lower counterparty credit risk.

Liquidity position: Stretched

The company's liquidity position remains stretched due to the elongated working capital cycle, which led to high utilisation of fund-based capital limits, minimal free cash balances and limited cushion in working capital limits. The average utilisation of working capital limits stood at around 91% during the last 12 months ended in November 2025. LIPL has no major capex plans and has a repayment obligation of Rs. 4.5 crore in FY2026, against which the company is expected to report cash accruals of Rs. 9-12 crore. The company's ability to judiciously manage its working capital cycle and secure enhancements in bank lines will remain crucial to support its increasing scale of operations.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a sustained improvement in revenues and earnings, leading to improved overall working capital intensity, along with an enhancement in liquidity position and debt protection metrics.

Negative factors – Pressure on ratings may arise if any significant reduction in the company's revenues and profitability weakens the debt coverage indicators. The ratings may be downgraded if there is any further stretch in the company's liquidity position, sizeable debt-funded capital expenditure leading to a weakening of capital structure or debt coverage indicators.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

LIPL was incorporated in 2010 by Mr. S Abdul Khader and Mrs. Hafeeza Khathijamma for executing civil construction works such as roads and earth works. On August 02, 2011, LIPL acquired a proprietorship concern – M/s. S. Abdul Khader (SAK), which has been involved in the civil works business since 1994. The company is a Class-1A PWD contractor for the Government of Karnataka. At present, it is executing road construction and other civil construction projects in Karnataka. LIPL undertakes projects for the Central Government (MoRTH/NHAI) as well as state government departments such as Karnataka Industrial Areas Development Board (KIADB) and Karnataka State Small Industries Development Corporation (KSSIDC), Mangaluru Smart City Limited, etc.

Key financial indicators (audited)

	FY2024	FY2025
Operating income (Rs. crore)	101.2	155.9
PAT (Rs. crore)	3.1	6.2
OPBDIT/OI (%)	13.5%	12.7%
PAT/OI (%)	3.1%	4.0%
Total outside liabilities/Tangible net worth (times)	2.0	1.9
Total debt/OPBDIT (times)	2.7	2.2
Interest coverage (times)	2.4	2.9

Source: Company data, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation
All ratios are as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Jan 2, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Unallocated	Long Term/Short Term	3.00	[ICRA]BB+ (Stable)/[ICRA]A4+	27-JAN-2025	[ICRA]BB+ (Negative)/[ICRA]A4+	27-DEC-2023	[ICRA]BB+ (Negative)/[ICRA]A4+	30-SEP-2022	[ICRA]BB+ (Stable)/[ICRA]A4+
Non fund based – Bank Guarantee	Short Term	33.00	[ICRA]A4+	27-JAN-2025	[ICRA]A4+	27-DEC-2023	[ICRA]A4+	30-SEP-2022	[ICRA]A4+
Fund-based – Cash credit	Long Term	40.00	[ICRA]BB+ (Stable)	27-JAN-2025	[ICRA]BB+ (Negative)	27-DEC-2023	[ICRA]BB+ (Negative)	30-SEP-2022	[ICRA]BB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund based – Cash credit	Simple
Short term – Non fund based – Bank guarantee	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	Long term – Fund based – Cash credit	NA	NA	NA	40.00	[ICRA]BB+(Stable)
NA	Short term – Non fund based – Bank guarantee	NA	NA	NA	33.00	[ICRA]A4+
NA	Long term / Short term – Unallocated limits	NA	NA	NA	3.00	[ICRA]BB+(Stable)/ [ICRA]A4+

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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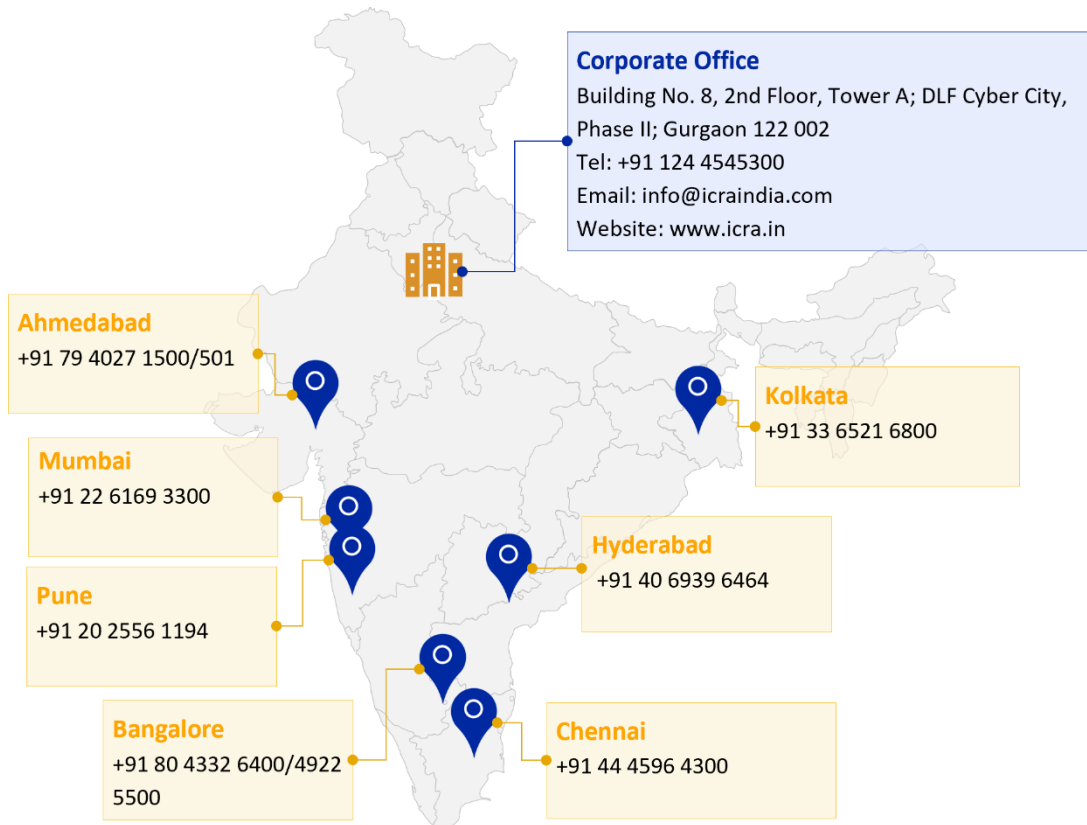


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