April 21, 2026

GV Road Projects Private Limited: Rating upgraded to [ICRA]A+ (Stable)

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Term loan facilities	180.0	136.0	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Total	**180.0**	**136.0**	

**Instrument details are provided in Annexure II*

Rationale

The rating upgrade for GV Road Projects Private Limited (GVR) factors in the prepayment of Rs. 30.2 crore made up to March 31, 2026, which will be adjusted against the immediate next instalments (forward order of maturity), and the same provides buffer for funding the first major maintenance (MM) expenses in case of any cost overrun. This has enhanced the company's financial flexibility, improvement in debt coverage metrics and reduction in execution risk for undertaking the first MM. The rating notes the operational nature of the project with receipt of ten semi-annuities, including operations and maintenance (O&M) payments from the National Highways Authority of India (NHAI, rated [ICRA]AAA/Stable) in a timely manner without any major deductions, and creation of a debt service reserve account (DSR) equivalent to six months of debt obligations and major maintenance reserve (MMR) for periodic maintenance. Although the company received the annuity payments from NHAI around 15 days from the annuity date, there is a 20-day gap between the annuity due date and the debt servicing date mitigating the risk to an extent. Further, the prepayments will be adjusted towards the immediate next instalments, which provides comfort in case of any delays in annuity receipts.

The rating factors in the presence of structural features of the debt, including escrow mechanism, debt service reserve (DSR) equivalent to six months of debt servicing obligations, maintenance of major maintenance reserves (MMR), a defined cash flow waterfall and restricted payment clause with a debt servicing coverage ratio (DSCR) of 1.25 times, which provides credit support. The rating considers the stable annuity revenue stream over the term of the concession from the project owner and annuity provider, NHAI, which is a key Central Government entity responsible for the development and maintenance of India's national highway programme. GVR has appointed BVSR Constructions Private Limited (BVSR, rated [ICRA]BBB+(Positive)) as the O&M contractor to take up routine maintenance activities at an annual fixed-price contract. BVSR has a demonstrated track record of executing O&M works within the budgeted time and cost in the road sector.

The rating, however, is constrained by the exposure of GVR's cash flows to interest rate risk, given the floating nature of interest rates for the project loan. Moreover, any significant reduction in the Reserve Bank of India's (RBI) bank rate could adversely impact its coverage indicators as annuity payments are linked to the bank rate. GVR's cash flows are also vulnerable to inflation risk as O&M receipts, though linked to inflation index (70% WPI and 30% CPI), may not be adequate to compensate for the actual increase in O&M/periodic maintenance expenses. ICRA notes the single-asset nature of the project, which exposes it to revenue concentration risk. Consequently, the debt coverage metrics remain susceptible to the risk of deductions from annuity and O&M receipts. Hence, the company must ensure satisfactory upkeep of the carriageway and undertake O&M of the project stretch as per the Concession Agreement (CA) to avoid any deductions from annuities. Any significant deductions from the annuities or rise in routine and MM expenses from the budgeted level could impact its coverage metrics and remains a key rating monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that GVR will benefit from the timely receipt of annuity and O&M payments from a strong counterparty and healthy debt coverage metrics.

Key rating drivers and their description

Credit strengths

Operational annuity project with timely track record of receipt of ten semi annuities – The project will have a stable annuity revenue stream over the term of the concession from the project owner and annuity provider, the NHAI, which is a key Central Government entity responsible for the development and maintenance of India's national highway programme. As per the Concession Agreement, GVR will be receiving 30 semi-annuities starting six months from completion totalling to 60% of the final project completion cost, along with interest on the residual annuities payable (at bank rate + 3%), and the inflation-adjusted O&M cost bid over the 15-year operations period from the project owner and authority (NHAI). GVR has received ten semi-annuity payments, including O&M payment, without any penalties/deductions. Although the company received the ninth and tenth semi-annuity payments from NHAI within 15 days from the annuity date, there is a 20-day gap between the annuity date and the debt servicing date mitigating the risk to an extent. This, along with availability of a debt servicing reserve account (DSRA) equivalent to six months principal and interest, provides cushion in case of any delays in receipt of annuities. Moreover, the company has prepaid Rs.30.2 crore till March 31, 2026, and the prepayments made will be adjusted towards the immediate next instalments, which provides comfort in case of any delays in annuity receipts.

Healthy projected debt coverage metrics and structural features – The coverage metrics are expected to remain robust, with cumulative DSCR of more than 1.25 times during the debt tenure. Further, structural features of the debt, including the presence of escrow mechanism, DSR equivalent to six months of debt servicing obligations, maintenance of MMR, a defined cash flow waterfall and a restricted payment covenant with lock-up DSCR of 1.25 times, provides comfort to the rating. As on March 31, 2026, the company is maintaining six months of debt obligations as DSR of Rs. 17.5 crore and MMR of Rs. 11.8 crore, in the form of fixed deposits with the lender, in line with the lender's approved base case business plan.

Established track record of O&M contractor – GVR is a subsidiary of BVSR. BVSR has been appointed as the O&M contractor to take up routine maintenance activities at an annual fixed-price contract. It has a demonstrated track record of executing O&M works within the budgeted time and cost, providing comfort.

Credit challenges

Project returns exposed to changes in bank and inflation risk – The project's cash flows and returns are exposed to the interest rate risk and are dependent on the spread between the interest rate applicable to annuities and the interest rate charged by lenders. The interest on the outstanding annuities from the NHAI is linked to the bank rate, while the interest rate charged by lenders is linked to their respective MCLR. Further, GVR's cash flows are exposed to inflation risk as O&M receipts, though linked to inflation (70% WPI and 30% CPI), may not be adequate to compensate for the increase in O&M/periodic maintenance expenses.

Lane availability to be ensured for annuity payments – GVR's source of income is the annuity, interest on outstanding annuities and annual O&M payments from the NHAI. GVR entered into a fixed-price O&M contract for taking up routine and MM activities with its sponsor, BVSR. BVSR has an established track record of O&M in the road construction of more than 15 years. Hence, any material deterioration in BVSR's credit profile impacting GVR's ability to undertake maintenance activities will remain a monitorable. The company has created MMR of Rs. 11.80 crore till March 31, 2026, in line with the lender's base case estimates. GVR expects to complete the first MM cycle with an estimated outlay of Rs. 12.9 crore in FY2028/FY2029. The company's MM cost estimates are significantly lower than ICRA's base case assumptions and its ability to complete the MM within the budgeted costs remains a key rating monitorable. Nevertheless, the debt prepayments made by the company and the management guidance that the prepayments made shall be utilised for funding the first major maintenance expenses in case of any cost overrun, provides comfort.

Liquidity position: Adequate

The company's liquidity position is adequate, supported by expected timely receipt of annuities without any major deductions. It has created a DSR (equivalent to six months of principal repayments plus interest obligations) of Rs. 17.5 crore as of March 31, 2026, which supports the liquidity profile. The cash flows from operations are expected to be sufficient for the debt repayment obligations of Rs. 24.2 crore in FY2027. There is a gap of around 20 days between the scheduled annuity payment date and the debt repayment date, which provides cushion in case of any delay in receipt of the annuities.

Rating sensitivities

Positive factors – The rating could be upgraded if the company receives semi-annuities and O&M payments without any material deductions in a timely manner, along with completion of the first MM exercise within the budgeted costs.

Negative factors – Major deductions or delays in receipt of semi-annual annuities or O&M payments, or an increase in the O&M expenses or any additional debt availed by the special purpose vehicle (SPV) leading to deterioration in debt coverage indicators on a sustained basis. Further, non-adherence to the debt structure or cash outflow in the form of dividends or loans and advances to group entities adversely impacting its liquidity position, on a prolonged basis, may trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Roads - Hybrid Annuity
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

GV Road Projects Private Limited (GVR) is a subsidiary of BVSR Constructions Private Limited (BVSR). It is an SPV formed to undertake rehabilitation and upgradation of Giddalur (km-212.983) to Vinukonda (km-322.80) in Andhra Pradesh (total design length of 112.797 km) to two-lane with paved shoulder under HAM basis. The concession agreement of 17 years includes a construction of 2 years and operations period of 15 years. The project received the PCOD on December 25, 2020 and the final COD on November 07, 2022 for the entire stretch. It received ten semi-annual payments up to March 2026.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	69.9	66.8
PAT	2.0	6.0
OPBDIT/OI	71.6%	79.3%
PAT/OI	2.8%	9.1%
Total outside liabilities/Tangible net worth (times)	8.0	6.4
Total debt/OPBDIT (times)	5.9	4.9
Interest coverage (times)	1.9	2.2

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; GVR follows IndAS and key financial ratios are not representative of actual cash flows

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount Rated (Rs. crore)	April 21, 2026	Date	Rating	Date	Rating	Date	Rating
Long-term - Term loan - Fund-based	Long Term	136.00	[ICRA]A+ (Stable)	Apr 02, 2025	[ICRA]A (Stable)	Apr 05, 2024	[ICRA]A (Stable)	Apr 17, 2023	[ICRA]A (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.
($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term loan	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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term loan**	February 2021#	8.75%*	Jan 2034@	136.00	[ICRA]A+ (Stable)

*Source: Company; #Refinanced from Canara Bank, *- current interest rate, @- as per sanction terms without adjusting for prepayment*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis – Not applicable

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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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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