

May 25, 2026

VRC Silos 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 – Fund-based – Term loan	50.00	50.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Total	50.00	50.00	

*Instrument details are provided in Annexure II

Rationale

The rating upgrade for VRC Silos Private Limited (VSPL) reflects its consistent healthy operating performance, supported by an established track record of timely payments from its sole, strong counterparty – the Food Corporation of India {FCI, rated [ICRA]AAA(CE) (Stable)}, along with sustained healthy utilisation levels (over 80%) expected over the medium term. The rating notes the improvement in coverage metrics, driven by debt prepayment and a decline in interest rate (linked to RBI’s repo rate), over the last 12-15 months. The rating considers the operational status of the project, with a track record of around six years and the presence of a long-term concession agreement (CA; 30 years operation period), for a 50,000-MT silo under the design, build, finance, own and operate (DBFOO) basis. The project is expected to maintain comfortable coverage metrics over the debt tenure, albeit with some moderation during the terminal years of the debt schedule. ICRA has considered the strong financial flexibility, in terms of debt refinancing, arising from the long concession period, with a tail period of around 12 years (after factoring in the partial prepayment of the term debt). Further, maintenance of a funded debt service reserve account (DSRA), equivalent to three months of debt servicing obligations, provides comfort.

Despite the presence of a cross-default clause with the parent company viz., VRC Constructions (India) Limited (VRC; rated at [ICRA]A (Positive)/ [ICRA]A2+), the rating upgrade follows ICRA’s understanding from stakeholders that such provisions are not intended to accelerate VSPL’s debt in case of a default at the parent level. VSPL is operational company with a cash flow generating track record and has long-term revenue visibility assured, given the availability of long-term CA with the FCI. Hence, a deterioration in the parent’s credit profile will not likely impact the credit profile of the special purpose vehicle (SPV).

The rating is, however, constrained by the operational risk, which includes any losses incurred owing to the material default/breach with regards to operation and maintenance of the silo complex as per the CA, coupled with quality and quantity loss of the food grain in custody of the concessionaire, leading to deductions from the payments received from the FCI. Nevertheless, the stringent procedures followed by the company and insurance cover taken for goods and facility mitigate the risk to an extent. VSPL is exposed to high asset concentration risk with the sole silo being the asset under operations. It is also susceptible to interest rate risk, although the inflation-linked increase in revenues will mitigate the risk to some extent.

The Stable outlook reflects ICRA’s expectation that the strong counterparty with an established track record of payments will facilitate steady cash flows and consequently, comfortable coverage metrics.

Key rating drivers and their description

Credit strengths

Established track record with long-term concession-backed cash flow visibility from strong counterparty – VSPL had completed the construction of the project in FY2020. The same has been made available to FCI for storage of grains as per the CA. Given the operational status of the project and long-term agreement with FCI, which is a strong counterparty and the nodal agency for creation of modern storage facilities for food grains, the execution and market risks associated with the project is

mitigated. VSPL is entitled to receive a fixed revenue based on a normative availability of 98% of the total capacity, irrespective of the capacity utilisation of the silo. Additionally, the company will receive a variable revenue linked to the capacity utilisation of the silo. The project commenced its operations in 2020 and had a capacity utilisation of over 80% for the last four years ending FY2026. The committed fixed charges to be received from FCI, which constitute over 90% of the gross cash flows, provide strong visibility of cash inflows. Further, there is a track record of payment from FCI, which has been largely within the scheduled time as per the concession.

Comfortable debt coverage metrics with presence of funded DSRA provides comfort – VSPL’s coverage metrics are expected to remain comfortable over the debt tenure. As a part of its debt structure, the company is required to maintain an escrow account with the lending bank. All cash flows of the project are required to be deposited in the escrow account. Further, as per the sanctioned terms, VSPL is maintaining a DSRA equivalent to one quarter of debt servicing obligations for the project loan, which provides comfort.

Strong financial flexibility, supported by long tail period – The long concession period of 30 years provides financial flexibility in terms of debt refinancing using the cash flows available during the long tail period (around 12 years). The project life coverage ratio (PLCR) is estimated to be around 1.6 times.

Credit challenges

Exposure to operational risk – VSPL faces operational risk, which includes any losses incurred owing to the material default/breach with respect to operation and maintenance of the silo complex as per the concession agreement, coupled with quality and quantity loss of the food grain in custody of the concessionaire, leading to deductions from the payments received from the FCI. Nevertheless, the stringent procedures followed by the company and insurance cover taken for goods and facility mitigate the risk to an extent. ICRA has considered the various provisions of the CA with FCI involving the quality of the goods stored, as a deterioration in the same can result in liabilities for the SPV.

High asset concentration and interest rate risks – VSPL operates the silo complex in Sekha-Barnala (Punjab) and faces high asset concentration. Presence in a single location with only one operational silo as an asset base exposes the company to any force majeure event, which could impact the asset. However, the insurance cover mitigates the risk to an extent. Further, the interest rate on the rupee term loan is linked to the RBI’s repo rate, thus increasing the exposure to interest rate risk. Nevertheless, ICRA takes comfort from the stability of cash flows, and inflation-linked increase in revenues, which mitigates the interest risk to some extent.

Liquidity position: Adequate

VSPL’s cash flow from operations are expected to remain adequate to meet the debt servicing obligations. The company had fixed deposits of Rs. 2.05 crore (including DSRA for one quarter of debt servicing) and cash and bank balances of Rs. 0.5 crore as on March 31, 2026, against an annual repayment of Rs. 1.42 crore in FY2027, which provides adequate liquidity support.

Rating sensitivities

Positive factors – ICRA could upgrade VSPL’s rating if there is a sustained track record of timely payments from FCI without material deductions, along with meaningful improvement in coverage metrics.

Negative factors – Pressure on VSPL’s rating could arise if substantial delays or deductions in receipt of the rentals and/or higher-than-anticipated operational expenditure result in lower cash flows on a sustained basis. Further, non-compliance to the concession terms leading to penalties/deductions and/or any non-adherence to the debt structure by VSPL could put pressure on the rating. Specific credit metrics that could lead to a rating downgrade include five-year average DSCR falling below 1.20 times on a sustained basis. Significant deterioration in the credit profile of FCI could also put pressure on the rating.

Analytical approach

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

About the company

Incorporated in 2017, VRC Silos Private Limited is a subsidiary of VRC Constructions (India) Limited (VRC). It was established as an SPV to construct a silo storage system for storing grains up to 50,000 MT, along with dispatch facilities of grains by rail wagons and trucks. The construction of the silo commenced in November 2017 and rail siding in July 2018. The entire project became operational in October 2019. Located in Sekha-Barnala (Punjab), the silo is available to the Food and Civil Supplies Department through FCI for 30 years on DBFOO basis, under the Food Security Act of the Government of India. As per the concession agreement, VSPL will receive guaranteed fixed charges (payable even if no grains are stored) as well as variable and handling charges (depending on the quantity stored and handled) monthly from FCI, which would be revised every year based on the inflation indices.

Key financial indicators (audited)

VSPL	FY2024	FY2025	H1 FY2026*
Operating income (Rs. crore)	9.0	8.8	4.1
PAT (Rs. crore)	0.4	0.9	0.6
OPBDIT/OI (%)	74.2%	77.1%	77.4%
PAT/OI (%)	4.5%	10.2%	15.6%
Total outside liabilities/Tangible net worth (times)	44.2	23.8	17.6
Total debt/OPBDIT (times)	7.6	7.0	7.2
Interest coverage (times)	1.5	1.6	1.8

Source: Company data, ICRA Research; Amount in Rs. crore; OI: Operating income; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; *Provisional

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					
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs. crore)	May 25 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long Term	50.00	[ICRA]A+ (Stable)	-	-	Dec-27-2024	[ICRA]A (Stable)	Nov-09-2023	[ICRA]A (Stable)
				-	-	Feb 24, 2025	[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 Mutual 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
Long-term – Fund-based – 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	Fund-based – Term loan	Nov 2023	NA	FY2038*	50.00	[ICRA]A+ (Stable)

Source: Company data, ICRA Research; *revised owing to partial debt prepaid by the company

[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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