

July 03, 2025

## BSR Infratech India Limited: Long-term rating upgraded to [ICRA]A (Stable); short-term rating reaffirmed; and ratings assigned for enhanced amount

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term-cash credit-fund based	200.00	240.00	[ICRA]A (Stable); Upgraded from [ICRA]A-(Stable); assigned for enhanced amount
Long term / short term-bank guarantee-non fund based	700.00	900.00	[ICRA]A (Stable); Long term rating Upgraded from [ICRA]A-(Stable) and [ICRA]A2+; reaffirmed; assigned for enhanced amount
Long term-term loan-fund based	23.85	17.50	[ICRA]A (Stable); Upgraded from [ICRA]A-(Stable)
Long term / short term-proposed-non fund based	12.15	18.50	[ICRA]A (Stable); Long term rating Upgraded from [ICRA]A-(Stable) and [ICRA]A2+; reaffirmed; assigned for enhanced amount
<b>Total</b>	<b>936.00</b>	<b>1,176.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade for BSR Infratech India Limited (BSR) factors in the improvement in its order book profile with the share of Central Government funded projects increasing to 67% as on March 31, 2025 from 18% as on June 30, 2024 with the receipt of orders from Andhra Pradesh Capital Region Development Authority (APCRDA) and Amaravathi Development Corporation Limited (ADCL). These two agencies are implementing Amaravathi Capital Region development projects and are allocated funds by the Central Government as a part of the Budget, which is expected to result in timely payments. BSR's revenues witnessed strong growth over the last four years, at a CAGR of ~20% to Rs. 1,661.6 crore in FY2025 from Rs. 775.2 crore in FY2021, supported by strong order execution and is likely to sustain in the medium term on the back of sizeable order book position. The order book position improved to Rs.10,322.6 crore as on March 31, 2025 from Rs. 4,052.5 crore as on June 30, 2024 owing to receipt of more than Rs. 6,000 crore of orders from APCRDA and ADCL. Further, the debt coverage metrics marked by interest cover improved to 5.0 times in FY2025 from 4.6 times in FY2024 and is projected to remain at more than 5 times in the medium term on account of improvement in earnings. The order book is diversified with presence in irrigation, layouts, building and road segments. It faces moderate project concentration with top five projects accounting for 32% of the order book as on March 31, 2025. BSR primarily executes works for APCRDA, ADCL and Karnataka state government agencies like VJNL<sup>1</sup>, CNNL, H&FWD, KRDC, HUDA, BTDA, BDA, which results in low counterparty credit risk and supports its credit profile.

The ratings are, however, constrained by BSR's high working capital intensity with NWC/OI at 29% in FY2025 owing to high debtor days. The debtor days were high at 160 days in FY2025, mainly on account of sizeable billing in the last quarter. The company's average working capital limit utilisation stood moderate at around 78% for the last thirteen months ending April 2025. Nonetheless, the liquidity position is expected to be supported by the enhancement in working capital limits and receipt of mobilisation advances for APCRDA and ADCL projects. The company has availed Rs. 61.8 crore of mobilisation advances (MA) for these projects in 2M FY2026 and expects to receive additional Rs. 278.5 crore of MA for these projects, supporting its liquidity position. Given this, the TOL/TNW is likely to remain at elevated levels in the near term.

The ratings are constrained by high geographical concentration risk with majority of the order book confined to Andhra Pradesh and Karnataka. Around 85% of the order book is in the nascent stages of execution (less than 10% of execution)

<sup>1</sup> VJNL – Visvesvaraya Jala Nigam Limited, CNNL-Cauvery Neeravari Nigama Limited, H&FWD- Health and Family Welfare Department, KRDC- Karnataka Road Development Corporation, HUDA- Hassan Urban Development Authority; BTDA- Bagalakote Town Development Authority, BDA- Bangalore Development Authority,

resulting in high execution risk on account of receipt of majority of orders over the past six months. The ratings also factor in the stiff competition in the construction sector, which could put pressure on the new order inflows, margins and the company's exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance, mobilisation advance and retention money. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

The Stable outlook on the rating reflects ICRA's opinion that the company is expected to sustain its revenue growth on the back of a robust order book, improve order execution and timely receipt of payments from its key customers.

## Key rating drivers and their description

### Credit strengths

**Strong order book position with improved order book profile** – The order book position improved to Rs.10,322.6 crore as on March 31, 2025 from Rs. 4,052.5 crore as on June 30, 2024 owing to receipt of more than Rs. 6,000 crore of orders from APCRDA and ADCL. The share of Central Government projects increased to 67% as on March 31, 2025 from 18% as on June 30, 2024 with the receipt of orders from APCRDA and ADCL. These are the implementing agencies for Amaravati Capital Region and are allocated funds as part of the central budget, which is expected to result in timely payments for these orders. Further, BSR revenues witnessed strong growth over the last four years, at a CAGR of ~20% to Rs. 1,661.6 crore in FY2025 from Rs. 775.2 crore in FY2021, supported by strong order book position and execution. The revenue growth is expected to sustain in the near term on the back of improved order book and execution.

**Comfortable coverage metrics** – The debt coverage metrics marked by interest cover improved to 5.0 times in FY2025 from 4.6 times in FY2024 and is expected to remain more than 5 times in the medium term on account of improvement in earnings. The company's operating margins improved to 11.4% in FY2025 from 10.1% in FY2024 and is expected to remain above 12% in the medium term.

**Diversified order book across segments and reputed client profile** – The order book is diversified with presence in layouts (41%), roads (24%), irrigation (14%), building (10%), electrical (9%) and water supply segments (3%). The project concentration stood moderate with top five projects accounting for 32% of the order book as on March 31, 2025. BSR primarily executes works for departments of capital region developments of Andhra Pradesh and Karnataka state government agencies, which results in a low counterparty credit risk.

### Credit challenges

**High working capital intensity** – The working capital intensity is high at 29% in FY2025 on account of high debtor days. The debtor days are high mainly on account of sizeable billing in the last quarter. The company's average working capital limit utilisation stood moderate at around 78% for the last thirteen months ending April 2025. Nonetheless, the liquidity position is supported by enhancement in working capital limits and receipt of mobilisation advances for APCRDA and ADCL projects.

**Order book exposed to high geographical concentration and execution risk** – The company's order book is spread across three states (Andhra Pradesh, Karnataka and Maharashtra). However, the geographical concentration risk is high with AP contributing to 79.2% of the outstanding order book as on March 31, 2025. Around 85% of the order book is in the nascent stages of execution (less than 10% of execution) resulting in high execution risk. Nevertheless, the billing is expected to improve in these projects as these were received over the past six months.

**Risks associated with construction sector including volatility in operating profits and sizeable non-fund based exposure** – BSR 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 and established relationships with clients, provide comfort. Most of the 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 also exposed to

sizeable contingent liabilities in the form of BGs of Rs. 653.7 crore and surety bonds of Rs. 249.7 crore as on April 30, 2025 mainly towards performance guarantee, mobilisation advances and raw materials. Nonetheless, ICRA draws comfort from BSR's healthy execution track record and no invocation of guarantees in the past.

### Liquidity position: Adequate

BSR's liquidity is adequate, supported by cushion available in the form of unutilised working capital facilities (~Rs. 33 crore as on April 30, 2025), existing cash balances and receipt of mobilisation advances in FY2026. The company has repayment obligations of Rs. 37.2 crore and minimal capex in FY2026. The estimated cash flows from operations are likely to be sufficient to meet these obligations.

### Rating sensitivities

**Positive factors** – ICRA could upgrade BSR's ratings if there is a material improvement in revenues and earnings resulting in improvement in debt coverage metrics and liquidity position, on a sustained basis. Specific credit metrics that could lead to an upgrade include TOL/TNW of less than 1 times, on a sustained basis.

**Negative factors** – Pressure on BSR's ratings may arise if any material decline in billing, profitability and/or significant elongation in the working capital cycle adversely impacts the debt coverage metrics and liquidity position. A specific credit metric for a downgrade is interest cover of less than 4.5 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Construction</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

### About the company

BSR Infratech India Limited (BSR) was initially set up as a partnership firm in 2006 and was later reconstituted as a limited company in 2008. BSR executes civil construction projects predominantly in the irrigation, buildings, and road segments for the government authorities in Karnataka and Andhra Pradesh. It is promoted by Mr. Srinivasa Rao Balusu, who is the Managing Director of the company.

### Key financial indicators

	FY2024	FY2025*
Operating income	1508.6	1661.6
PAT	76.5	102.0
OPBDIT/OI (%)	10.1%	11.4%
PAT/OI (%)	5.1%	6.1%
Total outside liabilities/Tangible net worth (times)	1.7	1.5
Total debt/OPBDIT (times)	1.6	1.3
Interest coverage (times)	4.6	5.0

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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	July 03,2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long Term	240.00	[ICRA]A (Stable)	04-OCT-2024	[ICRA]A-(Stable)	13-JUL-2023	[ICRA]A-(Stable)	14-JUN-2022	[ICRA]A-(Stable)
				-	-	-	-	05-SEP-2022	[ICRA]A-(Stable)
Long term / short term-bank guarantee-non fund based	Long Term/ Short Term	900.00	[ICRA]A (Stable)/ [ICRA]A2+	04-OCT-2024	[ICRA]A-(Stable)/ [ICRA]A2+	13-JUL-2023	[ICRA]A-(Stable)/ [ICRA]A2+	-	-
Long term / short term-proposed-non fund based	Long Term/ Short Term	18.50	[ICRA]A (Stable)/ [ICRA]A2+	04-OCT-2024	[ICRA]A-(Stable)/ [ICRA]A2+	-	-	-	-
Long term-term loan-fund based	Long Term	17.50	[ICRA]A (Stable)	04-OCT-2024	[ICRA]A-(Stable)	13-JUL-2023	[ICRA]A-(Stable)	-	-
Long term-proposed-fund based	Long Term	-	-	-	-	-	-	05-SEP-2022	[ICRA]A-(Stable)
Long term / short term-unallocated-unallocated	Long Term/ Short Term	-	-	-	-	-	-	-	-
Short term-bank guarantee-non fund based	Short Term	-	-	-	-	-	-	14-JUN-2022	[ICRA]A2+
				-	-	-	-	05-SEP-2022	[ICRA]A2+
Short term-proposed-non fund based	Short Term	-	-	-	-	-	-	05-SEP-2022	[ICRA]A2+

### Complexity level of the rated instrument

Instrument	Complexity indicator
Long Term / Short Term-Bank Guarantee-Non Fund Based	Very Simple
Long Term-Term Loan-Fund Based	Simple
Long Term-Cash Credit-Fund Based	Simple
Long Term / Short Term-Proposed-Non Fund Based	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	Cash credit	NA	NA	NA	240.00	[ICRA]A (Stable)
NA	Bank guarantee	NA	NA	NA	900.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Term loans	2021	NA	2028	17.50	[ICRA]A (Stable)
NA	Proposed NFB limits	NA	NA	NA	18.50	[ICRA]A (Stable)/ [ICRA]A2+

Source: Company

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**Annexure II: List of entities considered for consolidated analysis - Not applicable**

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