



Press Release
D Y UPPAR AND SONS
May 30, 2025
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	170.00	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	100.00	ACUITE BBB+ Stable Upgraded	-
Bank Loan Ratings	250.00	-	ACUITE A2 Assigned
Bank Loan Ratings	200.00	-	ACUITE A2 Upgraded
Total Outstanding Quantum (Rs. Cr)	720.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating to '**ACUITE A2**' (read as **ACUITE A two**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs.300 Cr. bank facilities of D Y Uppar and Sons. The outlook is '**Stable**'

Acuite also has assigned its long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on Rs.420 Cr. additional bank facilities of DY Uppar and Sons. The outlook is '**Stable**'.

Rationale for upgrade:

The rating upgrade and migration from 'Issuer not-cooperating' reflects DY Uppar & Sons established track record of operations in irrigation works, its healthy order book position of Rs.2637 Cr. and improving scale of operations with stable operating profit margins. The firm's revenue has improved at compounded annual growth rate (CAGR) of ~28 percent over the last three years ending FY2025 (Prov.), backed by timely execution of orders, while operating profit margins remained healthy in the range of 20.8-21.15 percent during the period. Further, rating also draws comfort from its healthy financial risk profile and adequate liquidity position. However, the rating is constrained by the intensive working capital operations, inherent risk of capital withdrawal by partners and exposure of the profitability to tender based operations and fluctuations in raw material prices.

About the Company

D Y Uppar and Sons (DYUS) is a partnership firm established in September, 2014 registered in Karnataka, India. DYUS is engaged in civil contracting activities with a primary focus on irrigation projects involving modernisation of canal systems. The firm also has experience in construction of dams, renovation and extension of canal systems. In order to diversify its revenue profile, firm has entered into other segments like NHAI and drinking water supply works (RDWSD). The firm is promoted by Mr. Dhareppa Y. Uppar, the Managing Partner, who is supported by his sons, Mr. Sharan Dhareyappa Bandi and Mr. Vijaykumar Bandi, both partners in the firm. Mr. Dhareppa Y. Uppar began with minor projects for the irrigation department of the Government of Karnataka

and gradually expanded to larger projects, extending its clientele to other government departments such as Karnataka Neeravari Nigama Limited (KNNL), Cauvery Neeravari Nigama Limited (CNNL), Krishna Bhagya Jala Nigama Limited (KBJNL) and Karnataka public works department (KPWD).

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of D Y Uppar and Sons to arrive at the rating.

Key Rating Drivers

Strengths

Experienced partners and established track record of operations:

D Y Uppar and Sons (DYUS) is a partnership firm incorporated in 2014 by Mr.D Y Uppar, Mr. Sharan Bandi and Mr. Vijay Bandi as partners. Prior to incorporation of partnership firm, D Y Uppar (DYU) operated as a sole proprietary firm engaged in civil contracting activities for almost four decades headed by Mr.D Y Uppar with a primary focus on irrigation projects in Karnataka state involving modernisation of canal systems. Further, the management is supported by team of professionals with an adequate experience in executing civil contract works. Firm also has experience in construction of dams, renovation and extension of canal systems. The extensive experience of partners has helped the firm in establishing long term relationships with its customer and suppliers. Acuite believes that DYUS will continue to benefit from its experienced partners and its long track record of operations over the medium term.

Substantial revenue growth with stable profitability and healthy order book position:

The firm's revenue grew to Rs.1005 Cr. during FY2025 (Prov.) against Rs.808 Cr. in FY2024. This growth in revenue is primarily due to timely execution and billing in Karnataka Neeravari Nigama Ltd and Krishna Bhagya Jala Nigam Ltd works. It executes niche irrigation works, which generally yields higher operating profit, resulting in a stable EBITDA margin of 21.13 percent in FY2025 (Prov.), compared to 20.88 percent in FY2024. Despite increase in interest expense for the year, the PAT margin has remained stable at 11.89 percent in FY2025 (Prov.) against previous year margin of 11.91 percent, due to higher revenue and EBITDA during the year. As on March 31, 2025, the firm has an outstanding orderbook of Rs.2637.39 Cr. which provides moderate revenue visibility for the medium term. Acuite expects the revenue of the firm to improve further on account of healthy unexecuted order book, while profitability is expected to remain stable.

Healthy financial risk profile:

DYUS's financial risk profile is healthy marked by healthy network, low gearing and healthy debt protection metrics. The network of the firm stood at Rs.641.49 Cr. as on March 31, 2025(Prov.) compared to Rs.525.46 Cr. as on March 31, 2024. The improvement in network is due to accretion of profits to the reserves. Despite the increase in overall debt levels to Rs.252.54 Cr. as on March 31, 2025 (Prov.) from Rs.162.46 Cr. as on March 31, 2024, the gearing levels remained low at 0.39 times as on March 31, 2025 (Prov.). Further, the total outside liabilities to tangible network (TOL/TNW) also remained low at 0.79 times as on March 31, 2025(Prov.) against 0.74 times as on March 31, 2024. The debt protection metrics stood healthy with DSCR and ICR of 5.18 times and 7.63 times respectively as on March 31, 2025 (Prov.). Debt to EBITDA deteriorated marginally yet remained healthy at 1.16 times as on March 31, 2025 (Prov.) against 0.95 times as on March 31, 2024. Acuite believes that the financial risk profile of the company will remain healthy over the medium term due to its conservative leverage policy.

Weaknesses

Intensive nature of working capital operations:

The working capital operations of the firm are intensive in nature as reflected through the gross current asset (GCA) days of 342 days in FY2025(Prov.) against 315 days in FY2024. The elongated GCA days is on account of higher receivables. The debtor days stood at 255 days in FY2025(Prov.) against 243 days in FY2024. The inventory days which comprises of work-in-progress stood at 17 days in FY2025(Prov.) against 29 days in FY2024. The creditor days, which mainly includes payable to piece meal contractors, stood at 122 days in FY2025(Prov.) against 58 days in FY2024. The GCA days also includes the other current assets portion in form of EMD deposits and advances to suppliers which further take it to elongated levels. The intensive working capital nature has led to high dependency on the fund based working capital limits, which were utilized at an average of 86 percent over the past 12 months ending March 2025. Acuite believes that the working capital operations of the firm will remain intensive on account of the nature of the firm's business.

High geographical and segmental concentration of risk

DYUS business risk profile is primarily concentrated on irrigation projects in Karnataka. Nearly 78 percent of the

orders received are pertaining to various departments from Government of Karnataka and PSU related to Karnataka leading to high geographical and customer concentration risk. Therefore, any negative development or change in government policies will have an adverse impact on the overall operations and new projects of the company. Apart from these, the firm has an order from NHAI worth Rs.585.84 Cr, which diversifies the risk profile to an extent.

Risk of capital withdrawal and exposure to tender based operation:

As DYUS's is a partnership firm, it remains exposed to the inherent risk of capital withdrawal by its partners, which could impact the firm's networth and financial flexibility. Any significant withdrawal, particularly during periods of high working capital demand, may constrain liquidity and weaken the capital structure. While there has been no significant amount of capital withdrawal in the past financial year, the risk remains structural characteristic of a partnership firm. Additionally, DYUS has significant exposure to public sector clients through tender-based contracts, which exposes it to risks inherent in competitive bidding. These operations are typically price sensitive, with limited scope for margin flexibility due to fixed bid terms. Further, the company remains susceptible to delays in tender finalization, execution timelines and payment cycles, which can impact the revenue visibility and working capital management. However, the risk is partially mitigated by DYUS's established track record and ability to maintain healthy profitability despite the competitive nature of the segment. Acuite believes that, sustaining the profitability levels with continued retention of capital and reinvestment of profits will remain a key rating sensitivity.

Rating Sensitivities

- Further elongation in working capital cycle leading to stretch in liquidity
- Withdrawal of capital.
- Any geopolitical disturbances impacting the ongoing projects or order book of the firm
- Significant improvement in revenue while maintaining profitability

Liquidity position: Adequate

DYUS's liquidity position is adequate as reflected through generation of sufficient net cash accruals (NCA) against the repayment obligations. The firm registered NCA's of Rs.124.19 Cr. in FY2025 (Prov.) against nominal debt repayment obligation of Rs.1.02 Cr. for the same period. NCA's are expected to range between Rs.150-190 Cr. over the medium term against the expected repayment in the range of Rs.4.7-5.4 Cr. The company's current ratio stood healthy at 2.02 times as on March 31, 2025 (Prov.). The fund-based bank limits were utilized at an average of 86 percent during the past 12 months ending March, 2025. Additionally, the company has Rs.53.88 Cr. in fixed deposits and cash and bank balances of Rs.11.47 Cr, providing additional liquidity comfort. Acuite believes that the liquidity position of the firm will remain adequate over the medium term on account of healthy cash accruals against nominal repayment obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	1005.00	808.00
PAT	Rs. Cr.	119.45	96.25
PAT Margin	(%)	11.89	11.91
Total Debt/Tangible Net Worth	Times	0.39	0.31
PBDIT/Interest	Times	7.63	9.43

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Mar 2025	Bank Guarantee (BLR)	Short Term	200.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Secured Overdraft	Long Term	100.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
07 Dec 2023	Bank Guarantee (BLR)	Short Term	200.00	ACUITE A3+ (Assigned)
	Secured Overdraft	Long Term	100.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Karnataka Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE A2 Upgraded (from ACUITE A4+)
Karnataka Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A2 Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	120.00	Simple	ACUITE A2 Assigned
Karur Vysya Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A2 Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A2 Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB+ Stable Assigned
Karur Vysya Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BBB+ Stable Assigned
Karnataka Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BB+)
Karnataka Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE BBB+ Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB+ Stable Assigned
Karur Vysya Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE BBB+ Stable Assigned

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