

Press Release
N R CONSTRUCTIONS
September 29, 2025
Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.50	ACUITE BB Stable Upgraded	-
Bank Loan Ratings	21.00	-	ACUITE A4+ Upgraded
Total Outstanding Quantum (Rs. Cr)	37.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE D**' (read as **ACUITE D**) on the Rs.15.00 Cr. bank facilities and its short term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.21.00 Cr. bank facilities of N R Constructions (NRC). The outlook is '**Stable**'.

Further, Acuite has upgraded its long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE C**' (read as **ACUITE C**) on the Rs.1.50 Cr. bank facility of NRC. The outlook is '**Stable**'.

Rationale for rating upgrade

The rating upgrade considers completion of curing period of three months from the overdrawal in cash credit account. Further, while the operating performance moderated in FY2025 due to slow work execution, rating factors the healthy outstanding order book of the firm providing sound revenue visibility over the medium term. The rating also draws comfort from the experience of the partners of over four decades in the industry. However, the rating is constrained by moderate financial risk profile, working capital intensive nature of operations with high bank limit utilisations, risk of capital withdrawal associated with partnership firms, volatility in raw material prices and tender based nature of operations impacting profitability.

About the Company

Incorporated in 1998, Hyderabad based N R Constructions is a partnership firm engaged in civil construction business. The partners of the companies are Mr. Alluri Narayana Raju, Mr. Alluri Ramanuja Raju, Mr. Alluri Krishnam Raju, Mr. Alluri Madhava Varma, Mr. Alluri Srinivasa Raju, Mr. Alluri Srirama Varma and Mr. Alluri Ravi Varma.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone view of the business and financial risk profile of NRC to arrive at the rating.

Key Rating Drivers

Strengths

Experienced partners and established track record of operations

N R Constructions (NRC) is a partnership firm incorporated in 1998 by Mr. Narayana Raju along with his brothers.

The firm executes civil contracts involving irrigation works, building, roads, bridges and other civil works primarily from government clientele. The firm's management is supported by team of professionals with an adequate experience in executing civil contract works. The experience of the partners has helped the firm in maintain long term relationship with its stake holders.

Healthy order book to improve the operating performance

NRC's operating revenue declined to Rs.102.92 Cr. in FY2025 (Provisional) from Rs.202.45 Cr. in FY2024, primarily due to slow work execution in Uttar Pradesh (UP) on account of Kumbhmela. However, the operating profit margin improved to 9.32% in FY2025 (Provisional) from 6.61% in FY2024, driven by lower raw material costs. However, the PAT margin declined to 4.06% from 6.4%, primarily due to higher finance costs arising from increased debt levels during the year. Moreover, as of March 2025, NRC holds an outstanding order book of Rs. 761.71 crore, ~7.4 times the revenue of FY2025, providing sound revenue visibility over the medium term. Further, nearly ~49% of the orders are in Uttar Pradesh (UP), ~38% in Maharashtra, ~11% in Andhra Pradesh (AP) and ~1% each in Karnataka and Telangana, which depicts moderate diversification in the portfolio.

Weaknesses

Moderate financial risk profile

NRC's financial risk profile continue to remain moderate marked by low net worth, moderate debt protection metrics and low gearing. The net worth marginally improved but stood low at Rs.33.59 Cr. as on March 31, 2025 (Prov.) (Rs.29.52 Cr. as on March 31, 2024). The debt majorly includes working capital borrowings which increased significantly in FY2025, thereby, increasing the gearing to 0.52 times as on 31 March 2025(Prov.) as against 0.32 times as on 31 March 2024. Further, the firm's TOL/TNW and interest coverage ratio continues to remain moderate at 2.62 & 3.70 times respectively in FY2025 (Prov.).

Working capital intensive nature of operations

NRC's working capital operations are intensive in nature marked by elevated gross current asset (GCA) days of 388 days in FY2025(Prov.) against 161 days in FY2024. The increase in the GCA days is primarily on account of increase in the inventory cycle. The inventory days stood at 156 days in FY2025(Prov.) against 54 days in FY2024 primarily including unbilled revenue as receipts are milestone based. Therefore, the bank limit utilization stood high at ~97.57% for fund based limits in the last 06 months ending August 2025.

Risk of capital withdrawal

As a partnership firm, NRC faces the risk of capital withdrawal by partners, thereby affecting its capital structure. Additionally, its constitution limits fundraising flexibility compared to a corporate entity.

Volatility in raw material prices and tender based nature of operations impacting profitability

NRC's profitability is exposed to raw material price volatility and competitive tender-based bidding, which creates pressure on margins. However, inflation-linked escalation clauses in most contracts helps mitigate input cost risks to some extent.

Rating Sensitivities

- Significant improvement in revenue while maintaining profitability.
- Further elongation in working capital cycle leading to stretch in liquidity.
- Significant increase in debt levels or withdrawal of capital impacting the financial risk profile.

Liquidity Position

Stretched

The liquidity of the firm remains stretched with high bank limit utilisations of ~ 97.57% for 6 months ended August 2025. Further, historically there was instances of overdrawing in the cash credit account for more than 30 days in January 2025 & March 2025. However, considering the firm is majorly dependent on short term borrowings, the net cash accruals of Rs.4.48 Cr. in FY2025(Prov.) remained sufficient against its repayment obligation of Rs.0.22 Cr. during the same period. Moreover, current ratio stood moderate at 1.30 times as on March 31, 2025(Prov.). The firm also had an unencumbered cash & bank balance of Rs.0.60 Cr. as on March 31, 2025 (Prov.).

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	102.92	202.45
PAT	Rs. Cr.	4.18	12.63
PAT Margin	(%)	4.06	6.24
Total Debt/Tangible Net Worth	Times	0.52	0.32
PBDIT/Interest	Times	3.70	11.97

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

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
18 Sep 2025	Bank Guarantee (BLR)	Short Term	21.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Proposed Long Term Bank Facility	Long Term	1.50	ACUITE C (Downgraded from ACUITE BB)
	Cash Credit	Long Term	15.00	ACUITE D (Downgraded from ACUITE BB)
30 Apr 2025	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	7.50	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
07 Feb 2024	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A4+ (Assigned)
	Secured Overdraft	Long Term	7.50	ACUITE BB+ 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
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.00	Simple	ACUITE A4+ Upgraded (from ACUITE A4)
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB Stable Upgraded (from ACUITE D)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE BB Stable Upgraded (from ACUITE C)

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