



Press Release
SRINIVASA LAXMI CONSTRUCTION CO
October 08, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	41.50	ACUITE B+ Stable Assigned	-
Bank Loan Ratings	22.00	-	ACUITE A4 Assigned
Total Outstanding Quantum (Rs. Cr)	63.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE B+**' (read as **ACUITE B Plus**) on the Rs. 41.50 Cr. bank facilities and short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 22.00 Cr. bank facilities of Srinivasa Laxmi Construction Co (SLC). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned reflects the firm's modest scale of operations marked by subdued revenues and losses reported in FY2025. The rating is also constrained by working capital intensive operations, capital withdrawal risk inherent in the constitution of the firm and risks associated with civil construction sector. The rating is, however, supported by the experienced management, long operational track record of the firm and moderate financial risk profile.

About the Company

Srinivasa Laxmi Construction Co (SLC) was established in 1996. The firm is engaged in civil construction projects such as roadways, bridges, and flyovers, primarily for government bodies. The partners of the firm are Mr. Ravinder Rao, Mrs. M. Vanaja, and Mr. M. Sridhar Rao. The registered office of the firm is located in Telangana.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Srinivasa Laxmi Construction Co (SLC) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established relationships

SLC is a partnership firm established in 1996 by Mr. Ravinder Rao, Mrs. M. Vanaja, and Mr. M. Sridhar Rao. The managing partner, Mr. Ravinder Rao, has been associated with this line of business for over three decades. The firm's longstanding presence in the industry, consistent project execution, and timely delivery have supported a steady flow of orders, albeit modest.

Acuité believes that SLC will continue to benefit from the partners' extensive experience in the civil construction industry, which is expected to help maintain a moderate business risk

profile over the medium term.

Moderate financial risk profile

Firm's financial risk profile is moderate, marked by a modest net worth with moderate gearing and debt protection metrics. The net worth of the firm stood at Rs.43.01 Cr. as on March 31, 2025 (Prov) against Rs.43.86 Cr. as on March 31, 2024, and Rs. 34.62 Cr. as on March 31, 2023 respectively. Partners had withdrawn capital in FY2025 (Prov). The gearing of the firm stood at 1.19 times as on March 31, 2025(Prov) as against 1.26 times as on March 31, 2024, and 0.13 times as on March 31, 2023. The moderate deterioration in gearing since last two years on account of debt availed by the firm in FY2024 to purchase commercial building. Firm's debt protection metrics is moderate marked by- Interest coverage ratio (ICR) and debt service coverage ratio stood at 14.25 times and 1.68 times as on March 31, 2025(Prov) respectively as against 11.36 times and 3.50 times as on March 31, 2024. TOL/TNW stood at 1.24 times as on March 31, 2025(Prov) against 1.38 times as on March 31, 2024 and 0.14 times as on March 31, 2023 respectively. The debt to EBITDA of the firm stood at 11.48 times on as on March 2025 (Prov) as against 7.52 times in FY2024 and 1.02 times in FY2023. Acuité believes that financial risk profile will remain moderate over the medium term on the back of modest net worth base and nature of business.

Weaknesses

Modest scale of operations with fluctuating revenues coupled with modest order book

Firm reported revenues of Rs.52.57 Cr. in FY2025 (Prov), compared to Rs. 110.07 Cr. in FY2024 and Rs. 67.72 Cr. in FY2023. The volatility in revenue is primarily attributable to the tender-driven nature of the business and based on order book position and high geographically concentration risk as the firm executes orders in Telangana. Firm reported operating loss of (2.25) percent in FY2025 (Prov) on account of high raw material prices. The firm has an unexecuted order book position of Rs.61.95 Cr. as on August 31, 2025 which would be executed in next 12 months. The outstanding order book is 1.17 times the FY2025 (Prov) revenue. Acuité believes that the firm will stabilize its scale of operations in near future, supported by orders in pipeline, thus ability to scale up its operations will remain a key sensitivity for its credit profile.

Working capital intensive operations

SLCC's working capital cycle remains significantly elongated, with Gross Current Asset (GCA) of 241 days in FY2025(Prov) as against 147 in FY2024 and 124 in FY2023, primarily driven by stretched receivables and elevated inventory levels in FY2025 (Prov). Inventory days stood at 107 days In FY2025(Prov) as against 82 days in FY2024 and 33 in FY2023. The debtor day stood at 123 days in FY2025(Prov) as against 56 days in FY2024 and 58 days in FY2023. Acuité believes the working capital requirement is likely to remain at similar levels over the medium term.

Inherent risk of capital withdrawal

Being a partnership firm, SLCC remains exposed to the inherent risk of capital withdrawals by the partners, which could impact the net worth and financial flexibility of the entity. However, the risk is partially mitigated as there have been minimal capital withdrawals by the partners in FY2025 (Prov) and FY2024.

Risks associated with civil construction sector

The civil construction segment is characterized by stiff competition on account of the low complexity of work involved and minimal entry barriers in terms of qualifications required for the tenders floated. This results in the presence of many contractors in this segment, leading to intensely competitive bids, putting pressure on margins. Further, the margin is exposed to volatility in raw material prices. However, the built-in price variation clause in the contracts mitigates the risk to an extent and the long presence in the industry and established relationship with the clients provides comfort.

Rating Sensitivities

- Scaling up operations while maintaining the operating margins
- Further stretch in the working capital cycle
- Any significant capital withdrawals impacting the financial risk profile and liquidity

Liquidity Position: Adequate

Firm's Liquidity is adequate with adequate net cash accruals (NCA) to its repayment obligations. Firm has generated cash accruals of Rs.4.14 Cr. during FY2025(Prov), while it's maturing debt obligations are Rs. 2.34 Cr. during the same period. Going forward, the firm is expected to continue generating adequate net cash accruals against it's repayment obligations. The firm has maintained unencumbered cash and bank balances Rs.1.14 Cr. and the current ratio stood at 4.18 times as on March 31, 2025 (Prov). However, the reliance on working capital limits stood moderate marked by average 63 percent utilization of the fund-based limits used over the past six months ending in August 2025. Acuité expects that the liquidity of the firm is likely to be Adequate over the medium term on account of healthy cash accruals.

Outlook: Stable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	52.57	110.07
PAT	Rs. Cr.	2.30	5.03
PAT Margin	(%)	4.37	4.57
Total Debt/Tangible Net Worth	Times	1.19	1.26
PBDIT/Interest	Times	14.25	11.36

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

None

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 :

Not applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE A4 Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE B+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE B+ Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2038	35.00	Simple	ACUITE B+ Stable Assigned

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About Acuité Ratings & Research

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