

SLV Earth Movers Private Limited

May 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	24.00	CARE BB-; Stable	Assigned
Short Term Bank Facilities	46.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of SLV Earth Movers Private Limited takes in to account its modest scale of operations, leveraged capital structure as a result of low net worth base and moderate coverage indicators. The ratings also factor in high customer and geographical concentration risk associated with SLV Earth Movers coupled with elongated operating cycle; albeit expected to witness an improvement and highly competitive nature of tender based business and construction industry. Also, the rating factors in the moderately high utilisation of bank facilities which may increase in future as the company undertakes bigger projects which will result in higher working capital requirement at the same time require them to provide appropriate security.

The ratings, however, derive strength from experienced promoter with 3.5 decades (35 years) into the construction business through its proprietorship firm namely CVNH Reddy, strong order book position providing revenue visibility, lower counter-party risk coupled with healthy profitability margins. The company's outstanding unexecuted orderbook stood at Rs. 492.69 crores, indicating an order book to sale of 11x, providing long term revenue visibility, and given the vast experience of promoters and a similar sized project executed in the past by the company, provides additional comfort regarding the ability of the company in execute the new large sized orders. However, given the large sized orders, which are presently at its initial stage of execution, the ability of the company to execute the orders in a timely manner and timely receipt of receivables as envisaged remains to be seen and hence remain a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations to more than Rs. 90 crores on a sustained basis and sustenance of PBILDT margin over 15%.
- Improved execution of orderbook along with improvement in collection efficiency.

Negative factors

- Any deterioration in orderbook position and slower than expected execution of orders adversely impacting revenue and profitability resulting in deterioration in the financial risk profile.
- Any significant rise in working capital intensity leading to a deterioration in the liquidity position.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings expectation that the company would maintain its financial risk profile aided by experienced promoters and reputed clientele base with strong un-executed orderbook position

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

The Total Operating Income (TOI) remains modest in range of Rs.45 crores - Rs.72 Crores for the past 4 years. In FY24, the company has reported TOI of ₹45 crore which has decreased by 38% when compared to ₹73 crore (PY: FY23), primarily due to time taken by bidding process for awarding the contract which led to lower execution of projects in FY24 and secondly parliamentary elections kicked in and agreements could not be executed in time causing delay in securing work orders and land

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

acquisitions during the time. Also, during FY25 the company reported a TOI of Rs.45 crores which is at similar level reporting no growth. The primary reason for no growth in TOI for FY25 is attributable to delay in initial land acquisition for the Rs. 277 crores project by the authority, which has resulted in delay in getting the land awarded in the company's name. Though the company has incurred the capex for machinery for the project execution, the same could not be started in FY25. The entire revenue in FY25 came from mix of small orders executed by the company during the year. Company is expecting revenue of Rs. 18 – 20 Cr in Q1FY26 and projecting a revenue of Rs. 60 – 70 Cr (Excluding GST) in FY26 based on orders in hand. The ability of the company to improve its execution speed resulting in improved scale and profitability margins as envisaged remain monitorable.

Customer and geographic concentration risks

Most projects executed by the company cater to the NHAI, Government of India entities primarily pertaining to road redevelopment, road widening with them contributing 85-90% to FY24 revenue. This exposes the company to geographic and customer concentration risks.

leverage capital structure marked by low net worth base and moderate coverage indicators

The capital structure of the firm stood leveraged marked by overall gearing of 2.69x and TOL/TNW of 2.99x as on 31st March 2024 as against 4.93x and 6.71x as on 31st March, 2023. Furthermore, as on March 31, 2025, the overall gearing has increased to 3.26x, TOL/TNW has also increased to 3.79x indicating a further deterioration in capital structure due to higher debt and current liabilities. Further the coverage indicators stood moderate marked a TD/GCA of 6.19x in FY25, 3.78x in FY24 (FY23: 3.65x). The net worth base of the company remains low at Rs. 9.14 as on March 31, 2024, and Rs.12.52 crore as on March 31, 2025, thus restricting the financial flexibility.

Tender based business and highly competitive nature of construction industry

SLV Earth Movers Private Limited is involved in constructing and expanding roads, bridges, and national highways for state and central government entities. SLV Earth Movers Private Limited's dependence on government contracts exposes it to geopolitical and policy risks, which could impact revenues. There are various factors affecting its revenue such as delays in regulatory approvals, land acquisition issues, can disrupt project timelines and revenue realization. The company operates in the intensely competitive construction industry. The Indian construction sector is highly fragmented with the presence of many mid and large-sized players. All the contracts are awarded through tendering process based on financial criteria and price bid. The presence of large number of players results in aggressive bidding which can exert pressure on the margins.

Elongated operating cycle albeit remain on increasing trend

The operating cycle of the company has increased to 70 days in FY24. During FY25 the operating cycle has further increased to 148 days due to stretched receivable and inventory days. During FY25, receivable days has increased to 101 days compared to 94 days in FY24 highlighting stretch in receiving payments from the customers. The reason for this increase can be attributable to longer receivable cycle associated with contracts/orders received from State Government of Karnataka as if the contract is awarded from State Government of India, then the receivables days can extend up to 90 days, which was the case here as majority of contracts execution were from State Government only due to which receivables days are stretched during FY24 & FY25. Going forward, in FY26 it is expected that the company has majority of orders from Government of India which is likely to improve the receivable days as contractual receivables days will extend only up to 30days, it is expected that this will decrease the receivable days to as low as 65 days in FY26. During FY25, the inventory cycle has increased to 82 days while in FY24 it was 15 days only, the increase is on account of work in progress and high inventory level kept due to delay in execution of projects. In FY26 inventory levels are expected to remain at similar level, as a result the operating cycle is stretched and elongated.

Key strengths

Vast experience of promoter into the construction business through proprietorship firm

SLV Earth Movers Private Limited was founded by Mr. C.H.V. Narayana Reddy in October 2020 is a civil engineering contractor and is mainly engaged in the construction of roads and bridges for NHAI, Government of India and Government of Karnataka. The key promoter Mr. C.H.V. Narayan Reddy have about 3.5 decades of experience in civil construction works. Before incorporation of SLV Earth Movers, the promoters were involved in construction business through a proprietorship firm. Later, Promoter's son has also joined this business in SLV Earth Movers Pvt Ltd. The promoters of the company have established their presence in the industry which helps the company to get more orders as is evident from large un-executed order book as on March 31, 2025.

Healthy profit margins

SLV Earth Movers Private Limited's operating profitability remain in the range of 12-21% in the past three years ended FY25. It stood healthy at 20.88% during FY24, improvement of 880 bps when compared with 12% in FY23. Further, during FY25(UA) the company has reported PBILDT margins at 21.32%. Going forward it is to be noted that the contracts do have price escalation clause, thereby restricting the impact of input prices on profitability margins to a large extent.

Low counter-party risk

The clientele profile remains strong with Karnataka state government entities such as PWD, Department of Municipal Corporation Administration (DMA) along with NHAI, and Government of India entities etc., thus reducing the counter party credit risk to a large extent. However, it is to be noted that the order execution time remains longer owing to involvement of state governments

and elongated time in handing over of project to commence construction. Although, the company has mix of order received from both Government of Karnataka and Government of India under NHAI. About 85-90% orders are from NHAI and rest is from State Government of Karnataka which is expected to reduce the project handing over time and project execution time.

Strong order book position providing revenue visibility; however timely execution remain monitorable:

The company has outstanding orderbook of Rs. 492.69 crores as on 31st March, 2025 indicating a strong order book to sales ratio of 10.85x FY25 revenue. However as per past track record, the bidding process has elongated and delay in initial land acquisition have restricted growth in revenue booking. Although, the order book to sales remain strong, any delay in land acquisition might impact the revenue projections. The company has to give 6% of the contract price as security deposit before signing the contract agreement. This deposit is not actual fund flow, but it is given in the form of bank guarantee from the banks based upon the non-fund limits. Also, it is to be noted that the company has executed one large order of Rs.252 crores contract value. This project is 100% completed as on 31-03-2025. Initially the project was undertaken by CHVN and later SLV participated as JV and completed majority 87% of the contract. Although, comfort can be drawn from the past execution of similar sized order, the timely execution of pending order with timely receipt of appointment date would remain a key monitorable.

Liquidity: Adequate

SLV Earth Movers Private Limited recorded GCA of Rs.6.51 crores in FY24 against debt repayment obligation of Rs.1.62 crore. Furthermore, the company has achieved a GCA of Rs.6.60 crore in FY25 and is likely to achieve a GCA of Rs.9.02 crore in FY26 as against this the company has repayment obligation of Rs.4.28 crore in FY25 and Rs.5.50 crore in FY26. The average of maximum utilisation of working capital limits stood at about 75.39% over last 12 months ended March 2025, with near to full utilisation in November and December months indicating working capital intensive nature of operations, which might increase further in future as the company undertakes bigger projects which might result in higher working capital requirement at the same time require them to provide appropriate security. The company has non-fund-based limit of Rs. 46.00 crores in FY25 with utilisation of 73% with full utilisation in November month. However, cash and liquid investments stood low at Rs. 2.15 crores during FY24.(FY23 :8.27 crores). Cashflow from operations stood thin at negative Rs.0.77 crores during FY24.(FY23 : Rs. 1.27 crores). However, given the higher share of NHAI orders where the repayment terms are expected to better should aid in improving its liquidity, hence, the ability of the company to improve its collection efficiency going forward would remain a key monitorable.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

SLV Earth Movers Private Limited, based in Karnataka, was established on October 19, 2020, by Mr. C. H. Venkata Narayana Reddy, is engaged in civil construction and handles large-scale construction and infrastructure projects mainly for roads and national highway developments.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	72.94	45.23	45.41
PBILDT	8.81	9.44	9.68
PAT	4.56	3.65	3.38
Overall gearing (times)	4.93	2.69	3.26
Interest coverage (times)	5.97	4.30	4.75

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	24.00	CARE BB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	46.00	CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-Bank Guarantee	ST	46.00	CARE A4				
2	Fund-based - LT-Cash Credit	LT	24.00	CARE BB-; Stable				

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Karthik Raj K Director CARE Ratings Limited Phone: +91-80-4662 5555 E-mail: karthik.raj@careedge.in</p> <p>Manohar S Annappanavar Associate Director CARE Ratings Limited Phone: +91-80-4662 5525 E-mail: manohar.annappanavar@careedge.in</p> <p>Ritik Agrawal Analyst CARE Ratings Limited E-mail: Ritik.agarwal@careedge.in</p>
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