

A V N Constructions

February 04, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	10.00	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Assignment of the rating to bank facilities of A V N Constructions (AVNC) derives the strength from the promoter's industry experience, healthy order book position as on December 31, 2025, increasing scale of operation, comfortable capital structure, and debt coverage metrics.

However, the rating is constrained by geographical concentration risk, with ~70% of the outstanding order book concentrated in Rajasthan. Any adverse developments arising from geopolitical issues or other region-specific factors could impact business/receivables. The subcontracting nature of operations and the highly fragmented construction sector continue to exert pressure on margins and overall business stability.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operation beyond ₹80 crore while maintaining operating profitability margin above 11% on sustained basis, and improved geographical diversification.
- Improvement of collection period to below 60 days with overall gearing less than 0.36x.

Negative factors

- Elongation of the operating cycle beyond 130 days.
- Deterioration in overall gearing ratio beyond 1x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the satisfactory order book position, which is expected to aid the growth of the company's scale of operations and support its profitability.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

Total operating income (TOI) has contracted at a compounded annual growth rate (CAGR) of 2.44% in the last five years ended FY25. Revenue achieved in FY25 is below than FY21-22 levels. It has modest net worth base, which stood at ₹16.82 crore as on March 31, 2025. Scale of operations remained modest, which limits the entity's financial flexibility and restricts the benefits from economies of scale. The competition in the industry will continue to restrict future growth prospects. However, as on December 31, 2025, its order book position stood healthy at 7.59x of the TOI for FY25, providing revenue visibility for medium term.

Moderate profitability

AVNC's operating profitability has remained stable, with PBILDT margins in the range of 9–11% in the last three years ended FY25. The margin moderated to 9.34% in FY25 (PY: 11.07%) due to higher overhead costs, which could not be fully passed on amid a competitive operating environment. Profit after taxation (PAT) margins remained moderate, impacted by interest and depreciation expenses. Return on capital employed (ROCE) stood modest at 9.22% in FY25 (PY: 9.23%), while fixed asset turnover improved to 3.34x (PY: 3.11x).

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

Working capital intensive nature of operation

The company's operations remain working capital intensive, with the operating cycle standing at 129 days as on March 31, 2025. The elongation was primarily driven by an increase in receivable days to 104 days (FY24: 63 days; FY23: 21 days). Creditor days remained low at ~6 days (FY24: 13 days; FY23: 13 days), while inventory days improved to 31 days in FY25 from elevated levels in previous years.

Highly competitive industry

AVNC operates in a highly competitive construction industry, facing direct competition from numerous organised and unorganised players due to the low barriers to entry. The presence of many small and regional players catering to the same market has limited SBC's bargaining power and exerted pressure on its margins. This competitive landscape necessitates strategic planning and operational efficiency to maintain profitability and market position.

Key strengths**Experienced promoters**

AVNC is promoted by Venkata Nagesh Atluri, who has over 22 years of experience in the civil construction industry. Atluri Vijaya Santhi is also a partner in the firm and brings experience in overseas operations. The promoters continue to support the business through infusion of unsecured loans.

Comfortable capital structure

The entity's capital structure stood comfortable, as marked by an overall gearing of 0.36x as on March 31, 2025 (0.38x as on March 31, 2024). Its debt profile largely comprises external debt in the form of working capital and term debt/vehicle loan. The total outside liabilities to net worth stood low at 0.39x as on March 31, 2025 (0.4x as on March 31, 2024). The marginal improvement in the capital structure was considering profit accretion to reserves and infusion of equity by promoters. Going forward, the capital structure is expected to moderate considering expected increase in working capital borrowings. entity's comfortable capital structure provides sufficient gearing headroom in case of exigencies.

Satisfactory debt coverage indicators

Debt coverage indicators stood satisfactory, as marked by comfortable PBILDT interest coverage of 6.37x in FY25 (6.27x in FY24) and moderate total debt to gross cash accruals (TD/GCA) of 2.51x in FY25 (3.11x in FY24). It remained stable was considering improvement in profitability and stable debt levels. Going forward, debt coverage indicators are expected to remain modest due to debt availed for meeting incremental working capital requirements with expected improvement in profits.

Healthy order book position

As on May 31, 2025, AVNC has an order book valued at ₹221.30 crore. The order book to turnover ratio (TOI) for FY25 stands at 7.59x, indicating strong revenue visibility over the short-to-medium term. Entire orderbook is funded by central or state government entity which partly mitigates counterparty risk.

Liquidity: Adequate

AVNC's liquidity position remains adequate, supported by healthy GCA and positive cash flows from operations. In FY25, the company generated net cash accruals of ₹2.41 crore and positive operating cash flow of ₹1.23 crore. As on March 31, 2025, AVNC maintained an unencumbered cash and bank balance of ₹0.20 crore. The company's current ratio stood at a moderate 4.89x, while the quick ratio was 4.87x. However, as banker confirmed, OD limits of ₹2.89 crore, which enhanced to ₹5.75 crore witnessed a high average utilisation of above 90% over the 12-month period ended December 2025. There have been no instances of overdrawing nor utilising ad-hoc limits.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

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

Based in Gannavaram, Andhra Pradesh, AVNC was incorporated in October 2018 as a Partnership Firm by Venkata Nagesh Atluri and Atluri Vijaya Santhi. Earlier, the business was run as a sole proprietorship firm by Venkata Nagesh Atluri. AVNC is engaged in the construction and maintenance of infrastructure projects, including roads, railways, bridges, tunnels, ports, harbours, and runways. As on December 31, 2025, the company maintained an order book valued at ₹221.30 crore.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	17.42	29.14	24.56
PBILDT*	1.93	2.72	2.71
Profit after tax (PAT)	1.02	1.49	0.96
Overall gearing (x)	0.38	0.36	0.50
Interest coverage (x)	6.27	6.37	6.02

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

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: NA

Any other information: NA

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BB-; Stable

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	Fund-based - LT-Cash Credit	LT	10.00	CARE BB-; Stable	-	-	-	-

LT: Long 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

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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

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