

Arrow Construction Ltd

Brickwork Ratings upgrading the long-term rating of “BWR BB+/Stable” & short-term rating to BWR A4+, removing from the ISSUER NOT COOPERATING* category for the facilities aggregating to Rs. 22.92 Crs .

Particulars :

Facilities**	Amount (Rs. Crs)		Tenure	Rating#	
	Previous	Present		Previous (06-March-2025)	Present
Fund Based					
Cash Credit - Sanctioned	7.00	3.90	Long Term	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	BWR BB+/Stable Upgraded and Removed from INC
Secured overdraft (Earlier CC limit)	2.00	2.00	Long term	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	BWR BB+/Stable Upgraded and Removed from INC
Sub Total	9.00	5.90	(Rupees Five crores and Ninety lakh only)		
Non-Fund Based					
Bank Guarantee /ILC	17.00	7.02	Short term	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	BWR A4+/Upgraded and Removed from INC
Bank Guarantee /ILC	15.00	10.00	Short term	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	BWR A4+/Upgraded and Removed from INC
Sub Total	32.00	17.02	(Rupees Seventeen crores and two lakh only)		
Grand Total	41.00	22.92	(Rupees Twenty two Crores and Ninety two lakhs Only)		

#Please refer to the BWR website www.brickworkratings.com for the definition of the ratings.

**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

RATING ACTION / OUTLOOK

Brickwork Ratings upgrades the long-term rating of “BWR BB+/Stable” & short-term rating to BWR A4+, removing from the ISSUER NOT COOPERATING* category aggregating to Rs. 23 Crs of Arrow Construction Ltd.

The rating considers the Long Operational Track Record and Extensive Experience of the Directors, Moderate Financial Risk profile However, the ratings are constrained by high competition in the construction industry and thin net margins of the company .

The rating outlook is assigned as “Stable,” reflecting BWR’s expectation that Arrow construction Ltd business risk profile will remain steady over the medium term. A stable outlook indicates a low probability of a rating change during this period. The outlook may be revised to “Positive” if the company achieves sustained improvement in revenue and profitability margins, while it may be revised to “Negative” in the event of a deterioration in its financial risk profile.

KEY RATING DRIVERS

Credit Strengths:-

- **Experience of the management :**
The promoters have more than a decade of experience in the civil construction industry. ACL has developed a long standing relationship with clients in various government departments in Karnataka, Andhra Pradesh and Telangana and gained significant experience in the tender bidding process which helps in continuous receipt of orders
- **Moderate Financial Risk profile :**
The company's tangible worth is increasing Y-O-Y. The Tangible Net Worth of the company stands at 34.37 Crores. The Current Ratio of the company looks adequate at 1.64 times in FY-25. The revenue of the company has increased to Rs. 34.37 Crores in FY25 when compared to Rs. 32.47 Crores in FY 24.
The Total Debt/TNW has improved to 0.22 times in FY25 when compared to 0.32 times in FY24.

Credit Risks:-

- **High geographic concentration in the revenue stream :**
The company generates its revenue from the projects majorly in the State of Andhra Pradesh, Telangana and Karnataka
- **Presence in highly competitive industry and tender - driven nature of business :**
The construction industry is highly fragmented with the presence of many organized and unorganized players. Further, the tender - driven nature of business places pressure on the profitability of the company. The company executes more than 100% contracts received through the tender based from the government bodies.
- **Major Revenue stream :**
The company revenue is majorly come from the Irrigation projects like canal linings .

ANALYTICAL APPROACH - Standalone

To arrive at its ratings, BWR has considered the standalone approach and has applied its rating methodology.

RATING SENSITIVITIES

Going forward, the company's ability to improve the scale of operations, improve and maintain profitability will be the key rating sensitivities.

Positives:

- A rating upgrade could be driven by achieving sustained growth in revenues as per the projections, along with consistent improvement in profitability margins, with the operating margin rising above 11% on a sustained basis.
- Timely execution of orders, along with a consistent increase in the order book.

Negatives:

- A rating downgrade may be triggered by an inability to achieve the projected revenue and profit growth, with the operating margin dropping below 10%. An increase in Total Debt/TNW above 1.5x would indicate higher leverage risk.
- Higher receivables or excess inventory can negatively affect liquidity.

LIQUIDITY INDICATORS - Adequate

Adequate liquidity characterized by sufficient cushion in accruals vis-a-vis repayment obligations .

The company has a cash accrual of Rs. 4.39 Crs in FY-26 as against the CPLTD of Rs. 0.00 Crs. The cash and Bank balance of the company is at Rs. 0.76 Crores in FY-26, the current ratio of the company stands at 1.75x times in FY-26, it is expected to be at 2.4x times in FY-27. The ISCR and DSCR of the company stands at 4.7 times and 4.7 times in FY-26 and it is expected to be a 11.23 times and 9.36 times in FY-27 respectively. Taking all the above points into consideration the firm liquidity position is defined as adequate.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

Arrow Construction Ltd (ACL) was incorporated in December 1995 as a public company, with its registered office at Hyderabad, Telangana. ACL is engaged in the construction of buildings, hospitals and irrigation projects mainly Canals and Bridges. The company executes the projects (Both building works and irrigation works) majorly for Government projects on a tender basis. The company is a special class contractor registered in Andhra Pradesh and Telangana. The company is a special class contractor registered in Karnataka also.

Mr. S Vijaya Kumar, Mr. DVKV Prasad, and S V Prabhakar are the directors of the company.

ESG PROFILE

The company demonstrates an evolving ESG profile based on its environmental, social, and governance practices.

Environmental: Environmental risks in EPC projects are driven by construction-site impacts, high resource consumption, waste generation, and operational emissions, making disclosures on water consumption, site restoration and rehabilitation measures, construction and demolition (C&D) waste management practices, energy consumption and carbon reduction targets and strategies particularly important. Compliance with environmental regulations and any past violations or penalties also provide critical insight into environmental performance.

Social: Social considerations focus on workforce health and safety for both permanent and contractor staff, adherence to labor laws, safety performance, and training or human capital development programs. Diversity and inclusion and community engagement initiatives, including resettlement or livelihood support, reflect the company's commitment to social responsibility.

Governance: Governance assessment emphasizes board independence, diversity, and effectiveness of risk management frameworks and robustness of compliance and ethics programs. Project-level governance, including ESG risk assessments, subcontractor and supplier oversight, permit and regulatory compliance, ESG reporting, and emergency preparedness or incident management plans, is also a key factor in evaluating overall governance strength.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Unit	FY 23	FY 24	FY 25
Result Type		Audited	Audited	Audited
Operating Income	Rs. Crs	23.54	32.63	34.35
EBITDA	Rs. Crs	4.32	4.95	4.11
PAT	Rs. Crs	1.09	1.59	1.89
Tangible Net Worth	Rs. Crs	30.88	32.47	34.37
Total Debt/Tangible Net Worth	Times	0.33	0.32	0.22
Current Ratio	Times	1.18	1.27	1.64

KEY COVENANTS OF THE FACILITY RATED

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA

India ratings assigned Arrow construction Ltd rating of IND D with Issuer Non cooperating for the long-term as well as the short-term bank facilities of 100 crores on 02 April 2026 and 09 May 2025.

Earlier, India Rating assigned the INC C /A4 to Arrow Construction Ltd for its long-term and short-term facilities of 100 cr on 12 Sep 2024.

ANY OTHER INFORMATION

No Other Information.

RATING HISTORY FOR THE LAST THREE YEARS (including withdrawal & suspension)

Facilities		Current Rating (2026)		2025		2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	5.90	BWR BB+/Stable Upgraded and Removed from INC	06-Mar-2025	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	04-Mar-2025	BWR D Continues to be in ISSUER NOT COOPERATING* category Reaffirmed	02-Dec-2022	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed
Non-Fund Based	ST	17.02	BWR A4+/Upgraded and Removed from INC	06-Mar-2025	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	04-Mar-2025	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	02-Dec-2022	BWR D Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed
Grand Total		22.92	(Rupees Twenty Two Crores and Ninety Lakhs Only)						

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Short Term Debt](#)
- [Infrastructure Sector](#)
- [Default Recognition and Default Curing Period](#)

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Arrow Construction Ltd

ANNEXURE-I

Details of Bank Facilities rated by BWR

Name of the Bank	Facilities	Tenure	Amount (Rs. Cr)	Complexity of the Instrument
HDFC Bank	Cash Credit - Sanctioned	Long term	3.90	Simple
Karur Vysya Bank	SOD facility	Long term	2.00	Simple
HDFC Bank	Bank Guarantee	Short term	7.02	Simple
Karur Vysya Bank	Bank Guarantee	Short term	10.00	Simple
TOTAL (Rupees Twenty two Crores and Ninety two Lakhs Only)			22.92	

##BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com /download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf). Investors' queries can be sent to info@brickworkratings.com.

ANNEXURE-II

INSTRUMENT DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE-III

List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

ANNEXURE-IV

List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

S.No.	Instrument/Activity	Regulator
1	Listed/Proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitization Notes (originated by entities regulated by RBI)	SEBI
4	Listed PTCs / Securitization Notes (originated by entities not regulated by RBI)	SEBI
5	Unlisted PTCs / Securitization Notes (originated by entities regulated by RBI)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis 2	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme 3 -	-
15	Issuer Ratings 4 -	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (all securities))	MCA
24	Unlisted PTCs / Securitization Notes (originated by entities not regulated by RBI) 1	Investor-side Regulator such as IRDAI, PFRDA 5
25	Monitoring Agency	SEBI
26	Research activities, incidental to rating, such as research for Economy, Industries, and Companies 6	NA

1. Includes securitisation transactions involving assignee payout and acquirer payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA, and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately Capture the rated quantum details along with the names of the respective regulators.
4. There is no instrument being rated, and hence, the Regulator of the Instrument is not applicable.
5. These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor-side regulators have been included.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to the rating of instruments regulated by SEBI, please contact sebgrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

For any grievances relating to the rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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