BRICKWORK RATINGS

Rating Rationale

15 Sep 2025

HVS Construction Materials Pvt Ltd

Brickwork Ratings assigns the long-term and short-term ratings of “BWR D/BWR D”, downgrades the long-term and short-term ratings to “BWR D/BWR D” from “BWR BB-/Stable/BWR A4” and removes the ratings from ISSUER NOT COOPERATING* category for the bank loan facilities of Rs. 45.19 Crs. of HVS Construction Materials Pvt Ltd.

Particulars:

Instruments / Facilities**	Amount Rs Cr.		Tenure	Rating	
	Previous	Present		Previous (23 July 24)	Present
Fund Based	10.00	**3.00**	Long-term	BWR BB - /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	**BWR D removal from ISSUER NOT COOPERATING* category/Downgraded**
	12.00	**1.82**			
	0.00	**15.00**	Long-term	-	**BWR D / Assignment**
	0.00	**0.37**			
Non Fund Based	15.00	**25.00**	Short-term	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	**BWR D removal from ISSUER NOT COOPERATING* category/Downgraded**
	(0.00)	**(0.50)**	Short-term	-	**BWR D / Assignment**
Total	37.00	**45.19**	**(Rupees Forty Five Crores, Nineteen Lakhs Only)**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has assigned the long-term and short-term ratings of “BWR D/BWR D”, downgraded the long-term and short-term ratings to “BWR D/BWR D” from “BWR BB-/Stable/BWR A4” and removed the ratings from Issuer Not Cooperating* category for the bank loan facilities of Rs. 45.19 Crs. of HVS Construction Materials Pvt Ltd.

The Rating has factored, inter alia, the experienced management. The rating is constrained by the company's account conduct with their lenders, which indicates that the company has made delays in the payment of their debt obligations.

Going forward, the ability of the Company to ensure timely servicing of debt obligations, increase the scale of operations and profitability, strengthen its liquidity and overall credit profile would be the key rating sensitivities.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

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

KEY RATING DRIVERS

Credit Strengths-:

- **Experienced Management with Long Stance Market Presence of the company:** The company has been operating in the market since 1996, which has fostered trust and created significant business opportunities. The company is led by a well-experienced management team who has vast experience & knowledge about the business/industry with presence in the market for more than 2 decades. Their combined expertise has significantly contributed in establishing strong relationships with customers and suppliers.
- **Healthy Order Book Position:** The company has secured orders worth Rs. 291.71 Cr. out of which orders value of Rs. 18.75 Cr. is executed till date and the pending order value of Rs. 272.96 Cr. is expected to be completed within the next 2 financial year.
- **Low Gearing:** The company has a comfortable Tangible Net Worth (TNW), which stood at Rs. 50.59 Cr. at the end of FY2025, an increase from Rs. 48.49 Cr. in FY2024. The Total Debt/TNW ratio improved from 0.38 times in FY2024 to 0.22 times in FY2025, indicating a lower financial leverage.

Credit Risks-:

- **Decline in Revenue and Profitability:** The company's operating revenue has been declining YoY, decreasing from Rs. 85.06 Cr. in FY2023 to Rs. 64.21 Cr. in FY2025, reflecting a negative CAGR of -8.94% over the period. The decline in operating income has also led to a drop in profitability, with operating profit falling from Rs. 14.98 Cr. in FY2023 to Rs. 8.60 Cr. in FY2025, and profit after tax (PAT) declining from Rs. 4.79 Cr. to Rs. 2.10 Cr. over the same period.
- **Geographical Concentration:** In the last few years, the company has generated the majority of its revenue from one particular state. This geographical dependence has resulted in a lack of revenue diversification, making the company more vulnerable to regional economic fluctuations.
- **Inherent risk associated with tender-based business:** Since the company’s business model is tender-based, revenue depends on the company’s ability to win tenders successfully. Additionally, the majority orders are from government entities, resulting in high dependence on timely clearances for tenders and payment. HVS Construction Materials Pvt Ltd., like any other construction company, is exposed to risks inherent in the construction sector, such as a slowdown in new order inflows and the risks of delays in execution.
- **Delays in servicing of debt obligations:** As confirmed by the financial institutions, the company has made delays in repayment of their term loan obligations.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has considered the standalone performance of HVS Construction Materials Pvt Ltd. BWR has applied its rating methodology.

RATING SENSITIVITIES

Going forward, the ability of the Company to ensure timely servicing of debt obligations, increase the scale of operations and profitability, strengthen its liquidity and overall credit profile would be the key rating sensitivities.

Positive:

- Timely servicing of debt obligations to the bank
- Improvement in scale of operations, profitability and liquidity on a sustained basis

Negative: Not Applicable.

LIQUIDITY INDICATORS - Poor

The liquidity is considered poor as reflected by delays in servicing of debt obligations and weak debt service coverage ratio of 0.49 times in FY2024 and 0.77 times in FY2025. However, The cash and cash equivalents stood at Rs. 0.77 Cr. in FY2024 which increased to Rs. 4.00 crore in FY2025. The current ratio stood at 1.86 times as on 31 March 2024. For the current financial year, the firm is projected to have total financial commitments of Rs. 5.54 Cr. against Free Cash of Rs. 7.82 Cr., which would be sufficient to service their obligations. However, the timely servicing of the financial obligations would be a key monitorable.

COMPANY's / FIRM' PROFILE

HVS Construction Materials Pvt. Ltd.(hereinafter referred to as 'HCMPL' or 'the Company') is an Imphal, Manipur based Civil construction company incorporated in November 1996. Huidrom Vikramjit Singh is the promoter of the Company. It is engaged into the development of roads/ highway projects in the state of Manipur and manufacturing of bricks with an installed capacity of 57,60,000 pieces per annum.

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

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY 22 - 23	FY 23 - 24	FY 24 - 25*
Result Type		**Audited**	**Audited**	**provisional**
Operating Revenue	Rs.Crs.	85.06	76.60	64.21
EBITDA	Rs.Crs.	14.98	9.28	8.60
PAT	Rs.Crs.	4.79	1.45	2.10
Tangible Net Worth	Rs.Crs.	47.05	48.49	50.59
Total Debt / Tangible Net Worth	Times	0.63	0.38	0.22
Current Ratio	Times	1.57	1.86	1.75

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:

Not Applicable

ANY OTHER INFORMATION:

NONE

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facilities	Current Rating (2025)			2024		2023		2022	
Type	**Tenure**	**Amount (Rs.Crs.)**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund Based	LT	4.82	BWR D removal from ISSUER NOT COOPERATING* category/Downgraded	23 Jul 2024	BWR BB-/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	15 May 2023	BWR BB / Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	03 Mar 2022	BWR BB+ / Stable (Reaffirmation/ISSUER NOT COOPERATING*)
Fund Based	LT	15.37	BWR D (Assignment)	-	-	-	-	-	-
Non - Fund Based	ST	25.00	BWR D removal from ISSUER NOT COOPERATING* category/Downgraded	23 Jul 2024	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	15 May 2023	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	03 Mar 2022	BWR A4+ (Reaffirmation/ISSUER NOT COOPERATING*)
Non - Fund Based	ST	(0.50)	BWR D (Assignment)	-	-	-	-	-	-

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to financial ratios
- Short Term Debt
- Engineering Procurement and Construction (EPC) Companies
- Manufacturing Company
- Default Recognition and Default Curing Period

Analytical Contacts	
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HVS Construction Materials Pvt. Ltd.

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the instrument*
1	North Eastern Development Finance Corporation Limited	Term Loan-Outstanding	1.82	-	1.82	Simple##
2	North Eastern Development Finance Corporation Limited	GECL-Out-standing	0.37	-	0.37	Simple##
3	North Eastern Development Finance Corporation Limited	Working capital Term Loan - Sanctioned	15.00	-	15.00	Simple##
4	Axis Bank	Cash Credit-Sanctioned Bank Guarantee (BG) - Sublimit	3.00 -	 (0.50)	3.00 (0.50)	Simple##
5	Axis Bank	Bank Guarantee - Sanctioned	-	25.00	25.00	Simple##
TOTAL			**20.19**	**25.00**	**45.19**	
Rupees Forty Five Crores, Nineteen Lakhs Only.						

***For more information visit: www.brickworkratings.com/download/ComplexityLevels.pdf**

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

NIL

ANNEXURE III

List of entities consolidated

NIL

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