

December 30, 2025

Shree Gautam Construction Co. Ltd.: Ratings upgraded to [ICRA]A (Stable)/ [ICRA]A1; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – term loan – fund-based	48.58	48.58	[ICRA]A (Stable); Upgraded from [ICRA]A- (Stable)
Long-term/ Short-term – others – non-fund based	643.00	793.00	[ICRA]A (Stable)/ [ICRA]A1; Upgraded from [ICRA]A- (Stable)/ [ICRA]A2+ and assigned for enhanced amount
Long-term – cash credit – fund-based	100.00	150.00	[ICRA]A (Stable); Upgraded from [ICRA]A- (Stable) and assigned for enhanced amount
Total	791.58	991.58	

*Instrument details are provided in Annexure I

Rationale

The rating upgrades for Shree Gautam Construction Co. Ltd. (SGCCL) factors in the increase in scale of operations as reflected in the CAGR of about 21% during the last four years ending FY2025. This growth has been driven by strong, margin accretive project executions with a year-on-year (YoY) growth of 26% in operating income (OI) for FY2025. This momentum is likely to continue with an expected annual growth of 14-16% in FY2026 and FY2027. The operating profit margins remained healthy in the range of 18-22% during FY2021-FY2025, which is likely to remain steady in the near term. The rating upgrade also factors in the sustained comfortable leverage and coverage metrics. The company's capital structure remained comfortable, with total outside liabilities to tangible net worth (TOL/TNW) remaining below 0.7 times over last five years, driven by steady growth in the net worth. Likewise, the coverage indicators have remained comfortable with interest coverage above 13.0 times and DSCR above 4.0 times over the last five years. The interest coverage is projected to remain above 10.0x, TOL/TNW below 0.4x, and DSCR upwards of 4.0x, over the near to medium term, confirming the sustenance of comfortable leverage and coverage metrics.

The rating favourably factors in SGCCL's healthy outstanding order book (OB) position of Rs. 6,039 crore as on July 30, 2025. The order book has registered a robust CAGR of 34% over the past five years ending FY2025. The company's fresh order inflows have remained healthy, with orders worth around Rs. 2,564 crore added in FY2025 and about Rs. 1,309 crore added in 4M FY2026. The OB/OI ratio adjusted for Goods and Services Tax (GST) stood healthy at 3.99 times, providing medium term revenue visibility. The ratings also favourably factor in the extensive experience of the promoters and SGCCL's established track record in the construction industry for over four decades.

The ratings, however, remain constrained by the execution risk, as almost 43% of the pending order book is in nascent stages of execution (less than or equal to 10% of the project execution). Additionally, the order book is highly concentrated across segments, clients as well as geography. The building construction segment accounts for nearly 75% of the current OB, while around 60% of the order book projects are from a single client—Public Works Department (PWD), Assam. Furthermore, most of the company's ongoing projects (85%) were limited to a single state—Assam. Nevertheless, around 80% of its orders are funded by the Central Government, mitigating the counterparty risk to an extent. The ratings are also constrained by the absence of price escalation clauses in many of its building contracts, thus exposing the company's profitability to fluctuations in raw material prices. Although it considers the risk of price increases when bidding for projects, a sharp rise in raw material costs could adversely impact SGCCL's profitability.

ICRA takes cognizance of an investigation and arrest carried out by the Central Bureau of Investigation (CBI) in July 2019, involving former employees/directors and the then promoter of the company. While no material impact has been noted on SGCL's financial or operational profile thus far, any adverse outcome of the investigation impacting its credit profile, going forward, will remain a key rating sensitivity.

The Stable outlook on SGCL's rating reflects ICRA's opinion that the company will be able to maintain a comfortable capital structure and debt coverage metrics, on the back of healthy topline growth and margins, in the absence of any major capex plans.

Key rating drivers and their description

Credit strengths

Strong order book position providing medium-term revenue visibility – SGCL had an outstanding order book of Rs. 6,039 crore, as on July 30, 2025. The company's order book recorded a CAGR of 34% over the last five years ending FY2025, with fresh order inflows worth about Rs. 2,564 crore added in FY2025 and around Rs. 1,309 crore added in 4M FY2026. The OB/OI ratio adjusted for GST stood healthy at 3.99 times, thereby providing medium term revenue visibility. SGCL's ability to sustain its project execution and the receipt of timely payments would be key monitorable from the credit perspective.

Comfortable financial risk profile – SGCL recorded a healthy CAGR of 21% in its OI over the last four years ending in FY2025, along with healthy operating profit margin, supported by ownership of machines, and in-house project execution (minimal sub-contracting). SGCL has a healthy financial profile, marked by its strong profitability, comfortable capital structure and coverage indicators. The company's operating profit margin, though marginally declining over the past few years, continued to remain healthy at 18-19%, supported by the higher revenue share from margin accretive building projects and economies of scale. SGCL's coverage indicators remained healthy with interest coverage and DSCR of 14.0 times and 5.5 times, respectively, in FY2025. Further, it has a conservative leverage level, supported by limited dependence on borrowings and advances. As on March 31, 2025, the TOL/TNW ratio remained comfortable at 0.4 times. In the absence of any major capex and investment plans, ICRA expects coverage and leverage metrics to remain comfortable going forward as well.

Established track record of operations and extensive experience of promoters in civil construction industry – SGCL was established in 1979 and has more than four decades of experience in executing contracts in the roads/ bridges and buildings segments. Over the years, the company has been undertaking building and road construction works, primarily in Assam, with PWD, Assam, being a key client. The company has made sizeable investments in machinery/assets for project execution, which aids its project execution capabilities.

Credit challenges

Exposed to order book concentration risk – SGCL's order book is highly concentrated across segments, clients as well as geography. The company faces revenue concentration risk, with most of its projects (60%) coming from a single client—PWD, Assam. Nonetheless, almost 80% of its orders are funded by the Central Government, which reduces counterparty risk. The building construction segment forms nearly 75% of its unexecuted order book as of July 31, 2025, followed by the roads, bridges and flyover segment (23%) and the rest by river projects. Additionally, 85% of its operations are limited to a single geography, Assam. While geographical concentration supports optimal resource deployment, its impact on the company's revenues could be severe if the region of operations is affected by unforeseen risks. However, the company's long track record of operations in Assam provides comfort to an extent.

Moderate execution risk as 43% of order book is in nascent stages of execution – The company is exposed to moderate execution risks, as around 43% of its order book, as on July 31, 2025, was in the nascent stages of execution (less than 10% execution). The same is because of the recent influx of fresh orders, along with a few slow-moving orders, as informed by the management. Any delay in work front availability, Right of Way (ROW), or design approvals could adversely affect the progress of the projects. Any slippages on project execution or the profitability front could have a bearing on its credit profile. A strong track record of timely completion of projects mitigates this risk to an extent.

Heightened competition, input cost spike could exert pressure on profitability – There is intense competition in the domestic civil construction industry, which is fragmented in nature. The heightened competition coupled with a rise in input costs could exert pressure on SGCCCL’s profitability. Also, ICRA notes the absence of a price escalation clause in many of its building contracts (75% of the company’s pending order book as on July 31, 2025) exposes SGCCCL’s profitability to any sharp movements in raw material prices. However, the above risk is mitigated to a certain extent as the company factors in the absence of price escalation clauses and the risk of price increases when formulating its project bids.

Liquidity position: Adequate

The company had an unencumbered cash balance of Rs. 76.9 crore and unutilised fund-based working capital of Rs. 100 crore as on March 31, 2025, which provides adequate liquidity cushion. SGCCCL sparingly utilises its fund-based working capital limits, as reflected in the average utilisation of 13% for the fund-based facility in FY2025. Additionally, the company has Overdraft (OD) against Fixed Deposit (FD) facility with sanctioned limit of Rs. 94.4 crore, of which the trailing 12-month utilisation, as of September 2025, stood at 92%. The term debt repayments of around Rs. 26 crore falling due in FY2026 can be comfortably met through its cash flow from operations.

Rating sensitivities

Positive factors – The ratings may be upgraded if SGCCCL achieves material diversification in terms of geographical presence and clientele, significant and sustained improvement in its scale, while maintaining its profitability and cash conversion cycle at adequate levels.

Negative factors – The ratings may be downgraded if there is any slowdown in order inflow or significantly lower-than-anticipated billing or an increase in working capital requirements that adversely impacts the liquidity position. Specific credit metrics that would trigger a downgrade is the interest coverage falling below 7.0 times on a sustained basis. Additionally, any adverse outcome of the ongoing CBI investigation, affecting the company’s financial flexibility may trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

SGCCCL is a Guwahati-based engineering procurement and construction (EPC) company, undertaking infrastructure projects. The company is promoted by the Singhi family and has a four-decade track record in the sector. It executes tender-based works for the construction of buildings, roads and bridges, primarily in Assam and Meghalaya, with PWD, Assam, being one of its key clients.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	1,030.1	1,292.9
PAT	128.9	161.8
OPBDIT/OI	18.6%	18.4%
PAT/OI	12.5%	12.5%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	0.9	0.6
Interest coverage (times)	13.6	14.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs crore)	Dec 30, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	150.00	[ICRA]A (Stable)	Sep 16, 2024	[ICRA]A- (Stable)	Jun 16, 2023	[ICRA]A- (Stable)	May 06, 2022	[ICRA]A- (Stable)
				-	-	Jul 27, 2023	[ICRA]A- (Stable)	May 25, 2022	[ICRA]A- (Stable)
Non-fund based- Others	Long Term/ Short Term	793.00	[ICRA]A (Stable)/ [ICRA]A1	Sep 16, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	Jun 16, 2023	[ICRA]A- (Stable)/ [ICRA]A2+	May 25, 2022	[ICRA]A- (Stable)/ [ICRA]A2+
				-	-	Jul 27, 2023	[ICRA]A- (Stable)/ [ICRA]A2+	-	-
Fund-based-Term loan	Long Term	48.58	[ICRA]A (Stable)	Sep 16, 2024	[ICRA]A- (Stable)	Jun 16, 2023	[ICRA]A- (Stable)	May 06, 2022	[ICRA]A- (Stable)
				-	-	Jul 27, 2023	[ICRA]A- (Stable)	May 25, 2022	[ICRA]A- (Stable)
Non-fund based- Others	Short Term			-	-	-	-	May 06, 2022	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based - Term Loan	Simple
Long-term – Fund-based - Cash Credit	Simple
Long-term/Short-term – Non-fund Based – Other	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	1-Apr-2022	NA	31-Dec-2028	48.58	[ICRA]A (Stable)
NA	Cash Credit	NA	NA	NA	150.00	[ICRA]A (Stable)
NA	Non-fund Based – Bank Guarantee	NA	NA	NA	793.00	[ICRA]A (Stable)/ [ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not applicable

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