

March 10, 2026

## SRI BHUVANESHWARI PROJECTS PVT LTD: [ICRA]BB (Stable); assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	[ICRA]BB (Stable); assigned
<b>Total</b>	-	

\*Instrument details are provided in Annexure-I

### Rationale

The rating assigned to Sri Bhuvaneshwari Projects Private Limited (SBPPL) reflects the extensive experience of the company's promoters in executing civil construction projects, irrigation and other allied works, as well as its established operating track record. The rating also considers SBPPL's long relationships with key customers, which have translated into repeat orders over the years. With about two decades of experience in civil construction, irrigation works, canal development and related infrastructure projects, the company has undertaken assignments primarily for various Government departments in Karnataka for a long time. Such a long operational history has enabled SBPPL to secure repeat orders, supporting its business visibility. The rating further considers the company's adequate order book position of around Rs. 383 crore as on December 31, 2025, which provides near-to medium-term revenue visibility.

The rating is, however, constrained by the company's moderate scale of operations and low net worth base. Besides, SBPPL's working capital-intensive operations resulted in a higher reliance on working capital borrowings. Moreover, the company's key credit metrics are expected to remain modest in the near-to-medium term, given its limited earnings profile and debt-funded capital expenditure incurred towards the purchase of land parcels for future development. The rating is also constrained by the high geographical concentration risk as the company executes all its projects exclusively in Karnataka. Additionally, SBPPL's operating profit margin (OPM) remains exposed to stiff competition in the sector and the tender-driven nature of its business, which restricts pricing flexibility. The company is further exposed to inherent sectoral risks, including cost overruns and time overruns during project execution. The rating also notes SBPPL's sizeable exposure to contingent liabilities in the form of bank guarantees, which are primarily extended to meet contractual performance and security deposit requirements.

The Stable outlook on the rating reflects ICRA's opinion that the company is likely to sustain its operating metrics, supported by steady execution of its order book and expected timely receipt of payments from its key customers. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters** – The company has more than two decades of experience in executing civil construction, irrigation and other allied works. It has executed various projects for Government authorities in Karnataka during this period. Further, the company's established track record in executing civil construction and irrigation projects has enabled it to secure repeat orders from its customers.

**Adequate order book** – The company's revenues have increased to Rs. 134.2 crore in FY2025 from Rs. 62.1 crore in FY2023, primarily driven by improved order addition and steady execution of orders. This growth momentum is expected to continue in the near-to-medium term with a healthy order book of Rs. 383 crore as on December 31, 2025, which translates into 2.9 times of its FY2025 revenues and provides medium-term revenue visibility. The company's ability to secure new orders and improve its pace of work execution will be monitored in the near term.

#### Credit challenges

**Moderate scale of operations** – SBPPL’s scale of operations remains moderate, with revenues of Rs. 134.2 crore in FY2025. Although the company’s revenues are expected to increase over the medium term, the scale of operations is likely to improve only gradually and remain moderate, thereby constraining its operational and financial flexibilities. Nevertheless, the company’s adequate order book position provides medium-term revenue visibility.

**Modest financial profile** – The company’s modest earnings, coupled with the debt-funded capital expenditure incurred towards the purchase of land parcels and increased reliance on external debt, have moderated its financial profile. The company’s debt protection metrics remained modest in FY2025, with a Total Debt/OPBDITA of 3.5 times and a TOL/TNW of 4.6 times as on March 31, 2025. Although the company’s earnings are expected to improve over the medium term, driven by an increase in revenues, the key debt coverage indicators are likely to remain moderate owing to the debt-funded capex.

**High geographical concentration risks and stringent competition in the industry** – The project portfolio in the company’s order book is concentrated entirely in Karnataka, exposing it to region-specific economic and political risks. Additionally, a majority of its pending order book as of December 2025 is from the top five customers, indicating significant customer concentration risk. Moreover, the competition remains intense in the EPC business, given the low complexity of the work involved, which may adversely impact the company’s profitability. The rating is further constrained by the company’s inherent exposure to sizeable contingent liabilities in the form of bank guarantees, which are primarily extended for contractual performance and security deposit requirements.

### Liquidity position: Stretched

The company's liquidity position is expected to remain Stretched due to limited buffer in the working capital limits and minimal free cash and bank balances. The company has fund-based working capital limits of Rs. 20 crore (Rs. 5 crore bank guarantees as submit limit), with an average utilisation of around 88% over the past 12 months ending in December 2025. The company is projected to generate cash accruals of around Rs. 5-7 crore in FY2026, against repayment obligations of Rs. 0.5 crore in FY2026 and Rs. 1 crore FY2027. Further, it has debt-funded capex of Rs. 10-12 crore in FY2026 with term debt of around Rs. 8 crore.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded if there is a material increase in its scale of operations and earnings, leading to an improvement in its net worth position, debt coverage metrics and liquidity position on a sustained basis.

**Negative factors** – Pressure on the ratings could arise, if there is a material decline in revenues and earnings or an increase in working capital cycle or any large debt-funded capex, leading to a moderation in the debt coverage indicators or liquidity position on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Construction</a> <a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

### About the company

Sri Bhuvaneshwari Projects was established as a proprietorship entity in FY2006 by Mr. Prasanth Shetty and was subsequently converted into a private limited company, Sri Bhuvaneshwari Projects Private Limited (SBPPL), in FY2023. The company is

primarily engaged in civil construction and other infrastructure related activities like developing buildings, roads, canals, dams, rail projects, waterproofing, sewage works, demolition and allied works. It also undertakes activities such as fabrication, execution, improvement, development, repair, maintenance, administration, and management of infrastructure and immovable properties. At present, the company is held and managed by Mr. Prasanth Shetty, Mr. Vandar Rohit Shetty, and Ms. Sowmya Shetty.

#### Key financial indicators (audited)

SBPPL - Standalone	FY2024	FY2025
Operating income	78.5	134.2
PAT	4.2	5.9
OPBDITA/OI (%)	8.4%	6.8%
PAT/OI (%)	5.3%	4.4%
Total outside liabilities/Tangible net worth (times)	5.5	4.7
Total debt/OPBDITA (times)	2.8	3.5
Interest coverage (times)	7.1	5.3

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Instruments	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 10, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Issuer rating</b>	Long term	-	[ICRA]BB (Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	Not Applicable

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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer rating	NA	NA	NA	-	[ICRA]BB (Stable)

Source: Company

### Annexure II: List of entities considered for consolidated analysis

Not applicable

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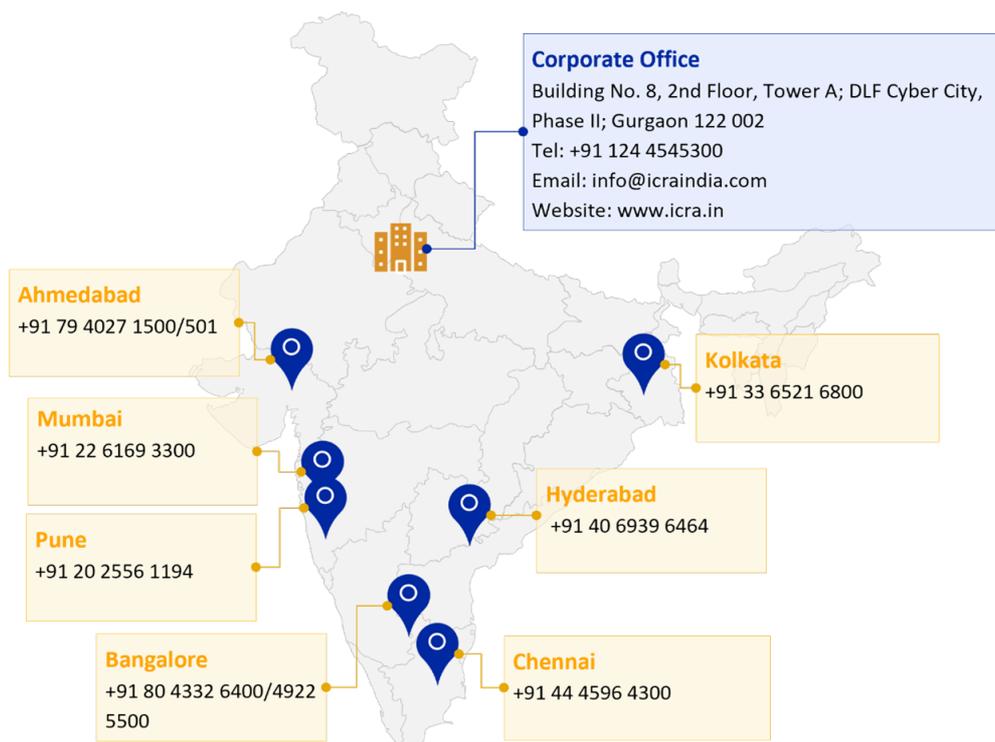


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